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REPORT

OF THE

STUDY TEAM

ON

COMMUNITY DEVELOPMENT

INDUSTRIAL PILOT PROJECTS

DECEMBER 1959

सत्यमेव जयते

MINISTRY OF COMMUNITY DEVELOPMENT AND COOPERATION
(Department of Community Development)
GOVERNMENT OF INDIA

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OFFICE OF THE PRINCIPAL, RURAL EXTENSION TRG. CENTRE
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KRISHNAGIRI RESERVOIR PROJECT

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INTRODUCTORY

The Government of India in its Memorandum No. 1(10) (XXII)/59-Prg-II dated the 21st July, 1959 appointed a Study Team to survey the work of the Pilot Projects, to assess their contribution to the programme of Community Development and to examine their structure and functions with a view to suggesting correctives. The team consisted of the following members :—

(*i*)	Shri S. D. Misra, M.P. Parliamentary Secretary to the Minister, Community Development & Cooperation. ..	(Leader)
(*ii*)	Shri R. Srinivasan, Member, Khadi and Village Industries Commission, Bombay. ..	(Member)
(*iii*)	Shri L. C. Jain Member-Secretary, All India Handicrafts Board, Ministry of Commerce & Industry, New Delhi. ..	(Member)
(*iv*)	Dr. P. C. Alexander, I.A.S., Deputy Secretary, Ministry of Commerce & Industry, New Delhi. ..	(Member)
(*v*)	Shri Anil De, I.A.S., Director (Industries), Govt. of Andhra Pradesh, Hyderabad. ..	(Member)
(*vi*)	Shri Mahmood Butt, I.A.S., Addl. Director (Industries), Government of Uttar Pradesh, Kanpur. ..	(Member)
(*vii*)	Shri Abid Hussain, I.A.S., Deputy Secretary, Ministry of Community Development and Cooperation, New Delhi. ..	(Member)

(*viii*) Shri V. R. Rao, Director (Administrative Intelligence), Ministry of Community Development & Cooperation, New Delhi. .. (Member)

(*ix*) Shri P. M. Mathai, Director (Industries), Ministry of Community Development & Cooperation, New Delhi. .. (Member-Secretary)

2. The terms of reference of the Study Team were:—

(*a*) to study the working, achievements and failures of the pilot projects bearing in mind the objectives with which they were initiated, and to assess and recommend experiences suitable for application or multiplication in the development of village and small scale industries in blocks.

(b) While making recommendations, the following points should be specially taken into consideration :

(*i*) methodology of industrial potential survey for a block and also a group of blocks if required and how to plan an industrial programme for a block,

(*ii*) development of marketing, local as well as outside, supply of raw materials, credit, technical know-how, etc.

(*iii*) industrial extension agency required for a block taking into consideration the set up at district and divisional levels, etc.

(*iv*) training required for rural artisans both for improving the skill and also creating new skill,

(*v*) development of suitable agencies like industrial cooperative societies in the development of village and small scale industries,

(*vi*) co-ordination of various departments and non-official bodies who are engaged in the field, and their role,

(*vii*) minimum industries programme for a block and providing the necessary financial and other resources,

(*viii*) role of panchayats and block samities and other local official bodies in the development of industries in the block,

(*ix*) indicators recommended for calling reports on industries programmes in the blocks in order to assess the achievements and impact of the programme.

(*c*) The team will also analyse the causes of any failure or bottlenecks holding up the programme and recommend the measures required to be taken by the State Governments as well as the Central Government in order to accelerate the development of village and small scale industries in the blocks.

3. *Procedure of Work*—Since the Study Team was anxious to secure the help of all those who had experience of Pilot Projects or had shown interest in their problems, a comprehensive questionnaire was prepared and issued to the State Governments for eliciting information about the development of village and small scale industries and also for obtaining reports concerning experience of Pilot Projects. Replies on 22 projects were received from the State Governments. These provided an interesting survey of the present conditions of the industries programme. The Team also obtained from some of the States statistical and other information relating to Pilot Projects.

After preliminary discussions, the members of the Team divided themselves into three groups and visited 12 pilot projects in the country. The names of the Pilot Projects and the States visited are given in Appendix I. During these visits the members of the Team had discussions with

officials of the State Governments and non-officials interested in this programme, as also with several artisans and their representatives.

The Team also had discussions with the Minister for Industries, the Minister for Community Development and Cooperation, the Member for Industries (Planning Commission), the Chairman and Members of the Khadi and Village Industries Commission, and representatives of the All India Handloom Board and the Central Silk Board.

4. The Report consists of five chapters. Chapter I deals with the genesis, aims and objectives of the pilot projects. Chapter II gives an account of the implementation of the projects and also case studies of 12 pilot projects visited by the Team. Chapter III deals with the lessons and experience gained from these projects. In Chapter IV, the Team has suggested the future programme for the development of village and small scale industries in the rural areas. In chapter V, two important subjects, not dealt with in detail earlier, are discussed, namely, industrial potential survey and the method of reporting progress of industries programme.

5. We are deeply indebted to all those who helped us with their advice and suggestions. We gratefully acknowledge the valuable cooperation and assistance we received from the State Governments in this study.

The Team is grateful to Shri S. E. Joseph of the Planning Commission, who attended its meetings and assisted the Team in its deliberations.

We also wish to place on record our appreciation of the services rendered to the Study Team by its Secretary, Shri P. M. Mathai.

The Study Team is indebted to the Stenographers and the staff of the Administrative Intelligence and Programme II Branches of the Ministry of Community Development and Cooperation, for the way in which they served the Team and made its task easier.

Chapter I

AIMS AND OBJECTIVES

Genesis

The scheme for pilot projects for village and small scale industries owes its genesis to a recommendation of the Development Commissioners' Conference held at Simla in May, 1955. While reviewing the progress of the village and small scale industries programme in Community Development areas, the Conference felt that it was perhaps the most difficult field in rural development and suggested that an intensive programme of village and small scale industries should be organised on a pilot basis in a few selected areas. The Government of India accepted this recommendation and initiated 26 pilot projects, one in each of the erstwhile States excepting Coorg and NEFA. These projects were to be located in Community Development Blocks which were started in 1952-53, the main reason being that such projects had already completed 3 years of intensive development and thus offered a greater scope for further industrial development.

2. The pilot project scheme was mainly envisaged as one of co-ordinating and intensifying the programmes for village and small scale industries sponsored by the various All India Boards. It was also intended that experiences of the working of these projects would help the development of a pattern of industrial extension and serve as a guide for the industrialisation of rural areas. For the working of the programme, detailed suggestions for the selection of areas, planning, survey, staffing, financing, training, etc., were made to the State Governments. The letter sent by the Ministry of Community Development containing these suggestions is given in Appendix II. One of the main suggestions was for undertaking an immediate programme based on a preliminary survey. Schemes were to be framed by the project authorities with the assistance of the regional organisations of All India Boards, and financed either from the funds sanctioned to the Boards, or from fresh funds that would be made available by the Ministry of Commerce & Industry.

Subsequently, in 1957, the objectives of this programme were further expanded and elaborated at the Mussoorie Conference of Development Commissioners as follows :—

(*i*) To develop cottage and small scale industries in the pilot projects in a co-ordinated and integrated

manner taking into consideration the various schemes of the Six All India Boards;

(*ii*) To develop a pattern of industrial extension service, that would be necessary in undertaking a rural industrial programme in C.D. Blocks and N.E.S. areas;

(*iii*) To act as laboratories for controlled observations to find possible solutions to problems that have come up in the field of cottage and small scale industries;

(*iv*) To study the possibilities of planning for rural industries with people's participation;

(*v*) To study the possibilities of developing markets for products of cottage industries locally with the participation of people and project staff; and

(*vi*) To assess experiences of these pilot projects and make use of such experiences in the field of development of cottage and small scale industries in other C.D. Blocks and N.E.S. areas in the country.

Based on these a detailed outline (Appendix III) was communicated to the State Governments for a close study of different problems relating to the development of industrial cooperative societies, training-*cum*-production centres, marketing, finance, etc.

3. Each project was to be divided into 15 groups of about 20 villages. A Committee was to be set up for each group of 20 villages in order to plan and assist in the programme of promoting village and small scale industries. These sub-area Committees were to help in investigation, planning, mobilising the enthusiasm of the people and channelising resources, both in terms of money and man-power.

An Advisory Committee was to be set up at the project level to co-ordinate the activities of the 15 sub-areas, to make out the overall plan and also assist in its execution.

Simultaneously, measures were to be initiated for a long-term programme. An industrial potential survey of these projects was to be undertaken by the four Regional Small Industries Service Institutes of the Ministry of Commerce & Industry, in collaboration with the State Departments of Industries, project authorities and the regional representatives of the All India Boards.

Selection of pilot project areas and selection and training of Community Project Officers (Industries) were completed by

December, 1955. These officers were charged with the responsibility of conducting a rapid survey of their respective areas and drawing up programmes to be undertaken forthwith. During the training period these officers were *inter-alia* informed about the pattern of schemes of the All India Boards and the procedure for formulating schemes and obtaining necessary funds.

It was visualised that the C.P.O. (Industries) should have one Industries Extension Officer for each Block of one hundred villages. Besides, he should have the assistance of Block agencies in the project area. Technical supervision of work in pilot projects was to be done by the regional organisations of the various All India Boards and the staff of the State Departments of Industries.

For effective co-ordination of the activities of the various agencies in the pilot project areas, an Action Committee at the Central level was constituted with the Administrator, Community Projects Administration (now Minister, Community Development & Cooperation) as Chairman. Its members were representatives of the concerned Ministries, the Planning Commission and the All India Boards. Similar Committees were set up in the States with the Development Commissioners as Chairmen and the Project Officers (Industries) as Secretaries. The State Committees included Directors of Industries, Registrars of Cooperative Societies, representatives of State Finance Department, Zonal Directors of All India Khadi and Village Industries Board (now the Khadi and Village Industries Commission), representatives of State Khadi and Village Industries and of the Small Industries Service Institutes. In July, 1957, the Co-ordination Committee for Small Industries was constituted with the Minister, Commerce & Industry, as Chairman. Among other things, the Co-ordination Committee took over the functions of the Action Committee which was consequently dissolved. Since then the State Governments have also set up similar Co-ordination Committees for Small Industries.

CHAPTER II

PROGRAMME IMPLEMENTATION AND CASE STUDIES

1. Coverage and Staff Position

Out of the 26 pilot projects sanctioned, 25 were functioning at the end of March, 1959. The project allotted to Jammu & Kashmir (Anantnag) has not yet started. 9 pilot projects consist of one C.D. Block each, while the rest are erstwhile Community Projects with 3 C.D. Blocks each. The 25 projects cover an area of 17,000 sq. miles with a population of 6.5 million.

All projects have the minimum prescribed industrial extension staff, comprising the Community Projects Officer (Industries) and Extension Officer (Industries) at the rate of one per C.D. Block. The only exception is Thoubal Project (Manipur) which started functioning recently. Some projects have also provided additional supervisory staff, which is mostly concentrated in Bihar-Sharif (Bihar), Neyyattinkara (Kerala), Gobe-Erode (Madras) and Baruipur (West Bengal). Project-wise details of coverage, staff in position, progress of expenditure and physical achievements are shown in Appendix IV.

2. Expenditure on the Programme

The total expenditure incurred on the programme until March, 1959 was approximately Rs. 2.3 crores. Details of expenditure according to the various agencies for each year may be seen in the table below :—

Summary Statement of Expenditure

(Rs. in thousands)

Agencies	1956-57	1957-58	1958-59	Total
1. Khadi and Village Industries Commission	594	2,265	2,365	5,224
2. All India Handloom Boards	746	1,829	840	3,415
3. Small Scale Industries	238	3,655	3,064	6,957
4. Central Silk Board	18	25	99	142
5. All India Handicrafts	12	112	172	296
6. C. D. Budget, State Industries Departments etc.	2,671	2,524	2,149	7,344
Total	4,279	10,410	8,689	23,378

It will be seen that the activities in projects became intensive only in 1957-58. The first year (1956-57) was mainly spent in drawing up schemes and getting sanction of funds. During this year no work was actually started in about 50 per cent of the projects.

Of the total expenditure, Rs. 1.6 crores were sanctioned by the All India Boards and the balance by the State Governments, either directly or from the funds of C.D. programme. Among the All India Boards, the Small Scale Industries Board accounted for the maximum expenditure, Rs. 70 lakhs. The expenditure for Khadi and Village Industries scheme was about Rs. 52 lakhs and that for the Handloom Board Rs. 34 lakhs. Schemes of the All India Handicrafts Board and Silk Board accounted for an expenditure of Rs. 4 lakhs.

The performance of individual projects in terms of expenditure varied considerably. Actually 3 projects, Neyyattinkara (Rs. 46 lakhs), Bihar Sharif (Rs. 28.8 lakhs) and Kakinada-Peddapuram (Rs. 22.1 lakhs), accounted for 97 lakhs or 42 per cent of the total expenditure, while 6 others, Manvadar-Vanthali, Gobe-Erode, Dhuri Malerkotla, Deoband, Baruipur and Nutan-Haveli, accounted for Rs. 77 lakhs or 33 per cent of the total. This shows that three-fourths of the total expenditure, *i.e.*, 75 per cent, was incurred in these 9 projects. Six other projects Kolhapur, Bhuj-Nakhtrana, Ramanagram, Sehore, Sanganer and Pisangan accounted for an expenditure of Rs. 36 lakhs or about 15 per cent of the total, and the remaining 10 per cent, *i.e.* Rs. 23 lakhs were spent on 10 projects.

Three-fourths of the expenditure on small scale industries was incurred in 5 projects, (Neyyattinkara, Gobe-Erode, Baruipur, Deoband and Nutan Haveli) and half the expenditure on Handloom industries was made in one project (Neyyattinkara). The expenditure on Khadi and Village Industries was more widespread and covered 20 of the 25 projects.

3. Employment

It was reported that in these projects, as on 31st March, 1959, about 39,000 persons were provided with full-time employment and 79,000 with part-time employment. Most of the employment was generated in the first 9 projects mentioned above which accounted for 78 per cent of the full-time employment and 70 per cent of the part-time employment. Thus the projects which recorded good progress in expenditure also showed higher figures of employment. An analysis of employment figures by types of industries showed that Khadi and Village Industries accounted

for nearly 50 per cent of the full-time and 33 per cent of the part-time employment, while the handloom industry accounted for nearly 35 per cent of each category. Rest of the employment was either in small scale industries (including blacksmithy and carpentry) or handicrafts.

However, the terms "full-time employment" and "part-time employment" were not used on the basis of any common concepts, and it is not possible to place much reliance on the figures of employment reported by the projects. At best these may be taken to represent the number of artisans assisted under this programme.

4. Production

The projects reported production of goods worth Rs. 4 crores and sales of Rs. 3.5 crores for the three-year period ended March, 1959. As in the case of employment figures, the estimates of the value of goods produced and marketed have to be treated with caution. They relate mostly to the organised sector of village industries such as cooperatives and Government production centres.

5. Training

There were altogether 195 demonstration-*cum*-training centres (excluding Ambar Charkha Parishramalyas) and training was imparted to about 9,000 in the various crafts. In addition 3,300 artisans received a refresher course. The training programme was mostly concentrated in 8 projects.

6. Industrial Cooperatives

It was reported that 1,074 industrial cooperative societies were organised in the pilot projects with a membership of about 37,000 and a paid-up share capital of Rs. 14 lakhs.

7. Small Industries Estates

Out of the 25 pilot projects, Small Industrial Estates were sanctioned for ten projects. Industrial Estates at Neyyattinkara, Baruipur, Gobe-Erode, Bihar-Sharif, Kolhapur, Pisangan and Darrang have been completed.

8. Of the 12 projects visited by the Team, Bihar-Sharif Kakinada-Peddapuram and Neyyattinkara have impressed them as the most successful from the point of view of progress in the different schemes of village and small scale industries. The progress in Dabra, Amravati, Alipur and Sehore has been particularly disappointing. An account of the 12 projects visited by the Team is presented as case studies in the following sections.

9. Case Studies of Industrial Pilot Projects

BIHAR SHARIF

(a) *General Background*—This pilot project spreads over 366 villages with a population of 423,000. The project lies in a good agricultural area which is important for potato, sugarcane and paddy production. According to the preliminary survey, about 50,000 persons were estimated to be fully employed and 140,000 partially employed in different vocations in the project area. Nearly 15 per cent of the population were reported to be working in industries.

The project area has good transport facilities. In addition to a network of railways, there are a number of metalled and unmetalled roads connecting *mandis* and towns. The project gets its supply of electricity from Patna and the D.V.C. and the total consumption of electricity in the area is approximately 1,000 kw., of which only 100 kw. is utilised for industrial purposes. Prior to the initiation of the project, there were no well-organised village and small scale industries except khadi spinning, handloom weaving and *bidi* making.

(b) *Organisation*—Industrial extension personnel in this project is larger than in other projects. In addition to the Community Project Officer, there are 1 Assistant Community Project Officer, 1 Extension Officer (Industries), 1 Assistant Registrar of Cooperatives, 1 Cooperative Inspector and local auditor, 1 Inspector of Accounts, 1 Statistician and 15 Group-level Organisers, one each for a group of 20 villages. Weavers' Cooperative Societies have their own supervisory staff consisting of 1 Inspector and 4 Supervisors who work under the guidance of the CPO(I). The State Khadi and Village Industries Board have also deputed their staff to work under the CPO(I) in regard to their own schemes. The extension service is fully employed and has proved effective in the implementation of the programme. Association of the staff of the Cooperative Department has helped in the proper growth of industrial cooperatives.

(c) *The Programme*—The project has up-to-date a sanction of Rs. 35 lakhs out of which Rs. 29 lakhs have been spent. The Khadi and Village Industries Commission, the All-India Handloom Board and schemes sponsored directly by the State Governments accounted for most of the expenditure. There has so far been little activity under the schemes sponsored by other all India Boards except for an Industrial Estate under the Small Scale Industries Board.

To begin with, only those industries were selected for development which either suffered from lack of finances and marketing facilities or in which a fairly large number of traditional artisans were engaged; these industries being blacksmithy, carpentry, village oil, shoe-making, pottery, khandsari (sugar), hand-pounding of rice, khadi spinning and weaving. A few new industries such as soap-making, durree weaving, palm-gur, tailoring, knitting, etc., were also organised mostly through industrial cooperatives.

The above mentioned industrial units produced many types of consumer goods which found a ready local market. Large orders for shoes, woollen jerseys, socks, agricultural implements, soap, police buttons and mosquito nets were placed with the project from different Government departments as well as from the public. The project supplied goods worth more than Rs. 1.5 crores out of which goods worth nearly a crore of rupees were marketed through organised agencies.

(d) *Employment*—As a result of the industries programme 3,900 persons were reported to have obtained full-time employment and 4,800 part-time employment.

(e) *Industrial Cooperatives*—There are altogether 128 industrial cooperatives, including 48 handloom weaving societies and 37 multipurpose cooperative societies. The ex-trainees of the Training-*cum*-Production Centres were encouraged to form their own cooperatives. Cooperatives set up for new industries under the project comprised mainly of the ex-trainees.

(f) *Marketing*—The project has established a number of sales depots for marketing the goods. Before the project went under way, there were only two khadi bhandars and a few handloom sales depots in the area. Subsequently, while the Project organised a departmental store-*cum*-sales depot, the All India Handlom Board opened two sales depots and the Oil Men's Co-operative Societies started 5 sales centres of their own. The different Departments generally got their supplies from the units organised in the area and the sales depots were also appointed as agents for supplying raw materials to the industrial units. In addition, the Project took advantage of different fairs and exhibitions to display and sell the products of small and village industries.

(g) *Finance*—Loans have been advanced generally to traditional artisans in preference to new-comers to the industries. All the units are required to submit monthly progress reports of production, marketing, etc., through the Group level Organiser.

who supervises the utilization of the loans. Finance is also arranged through cooperative agencies and the State Khadi and Village Industries Boards. So far, financial assistance amounting to Rs. 6 lakhs has been given to individuals and cooperatives in the form of loans and subsidies.

(h) *Training and Follow-up*—14 Training-*cum*-Production Centres are in operation in different trades and crafts to train the village artisans and others. There are in addition three Bone-meal centres, one Model Production Centre in Pottery, one Model Oil Ghani Centre and two Gur Demonstration Centres in the project. Altogether 1,458 persons received training in these Centres. To supplement the income of low income bracket families, 200 sewing machines received from the National Small Industries Corporation have so far been distributed in the areas.

(i) *Industrial Estate*—A small industrial estate of 10 acres is nearing completion. Built up space in it is available to private entrepreneurs on hire-purchase or rent or outright sale. So far 11 industrialists have booked their space for setting up industries. In addition, State-owned units consisting of wood working training-*cum*-production centre, bicycle parts manufacturing, agricultural implements and cutlery goods manufacturing and two extension centres for carpentry and blacksmithy are to be established in the State. A calendering plant, a central preparatory plant and one dyeing and finishing plant are under construction for the use of handloom and powerloom weavers.

(j) *Industrial Potential Survey*—The industrial potential survey carried out by the Small Scale Industries Service Institute suggested a number of useful candidate industries such as bucket making, wire-nails, foundry, aluminium utensils, tanning, etc. The project authorities have accepted these recommendations and intend to give effect to them in the near future.

(k) *Impressions of the Team*—Although this is a predominantly agricultural area, the progress of the present industries programme in terms of employment, increased earnings and skilled personnel is encouraging. Industries like Ambar spinning, khadi, hand-pounding of rice and hand sewing machines have given employment to a large number of persons, men and women. For the rice handpounding industry a number of multi-purpose cooperative societies were given working capital loans of Rs. 3,000 to Rs. 5,000 without any security, out of the funds allotted by the Khadi Commission. The societies utilised the money properly and repaid the entire amount. This industry has proved quite successful in the project area and has attracted a large number of poorer sections of the people, especially women.

Cooperative Societies of carpenters, blacksmiths, shoe-makers, auto-knitting and tailors received great impetus from the bulk orders placed by the Police, Agriculture and Cooperative departments under State Govt.'s Stores Purchase Preference Policy. The membership and share capital of the societies increased as members got full-time employment with a ready market for their products. Decorative articles like idols and toys made by the Pottery Centre have proved very popular. Power-operated saw machines supplied to carpenters' cooperatives have greatly increased their production and earnings.

The Team was impressed by the Project's performance in the sphere of training and follow up, organisation of cooperatives, system of financing and marketing which resulted in intensive development of industries. The State Government spared no effort in financing the programme and did not experience any difficulty of plan ceiling, described so often by the other States as the major impediment in the promotion of small scale industries. So greatly were the State Government impressed by the results of this pilot project that they have started on their own two other pilot projects in Pusa and Ranchi, which are running quite well.

Although well organised, the programme is not altogether free from deficiencies and drawbacks. On the organisational side, there could have been better direction of the programme at the level of a group of villages had there been Group Development Committees. Such committees were at first constituted but subsequently discontinued after a Project Advisory Committee was set up. The Community Project Officer has not been delegated financial powers to run type schemes and this has resulted in delay of sanctions. The project still does not have an Engineer and an Overseer provided for in the original scheme.

The training centres, though running satisfactorily, lack skilled instructors and the latest equipment. The right type of persons from the artisans' class are not attracted because training in their homes is somewhat at par with the training imparted at the training centres. Another reason is that most of the adult artisans earning Rs. 2 to Rs. 2/8/- per day, are not willing to sacrifice this income for undergoing training. Moreover, the number of traditional artisans is also limited in the project area. In some cases, it was found that the right type of persons to be trained had been exhausted in the first batch and admission for training was given to persons belonging to non-artisans classes who were attracted mainly by the wages and stipends offered to them.

On account of competition with mill-made products, the output of village industries products has some difficulty in sales. The Project staff, the artisans themselves, the members of Gram Panchayats and other residents in the area do not seem to patronise local industries to the extent necessary.

Though cooperatives of carpenters, blacksmiths, tailors, shoemakers, and auto-knitting are able to receive orders from Government Departments, the method of securing orders cannot be said to be a complete success. So far, only 4 Government Departments have placed orders with the industrial units of the Pilot Project. Much still remains to be done in this connection by different Government Departments. The supplying units experience difficulty because of delays in payments from Government Departments. It was found in one unit that payment for several thousand boots supplied to Government was outstanding for more than three months. There is also need for better co-ordination between the requirements of Government Departments and the capacity of the production units.

Procurement of raw materials through the Departmental Stores-*cum*-Sales Depot set up under the Community Project Officer has been able to solve the problem only partially. Iron and steel shortage is a particular difficulty pointed out almost everywhere.

By and large, industrial cooperatives in the pilot project are successful but there are difficulties in their organisation and management. Artisans who are better off oppose the formation of industrial cooperatives. The imposition of sales tax prevented many traditional artisans from joining the cooperatives or marketing their products through these societies. In some cases the traditional artisans are so poor that they have no money to purchase shares of a cooperative society. Financing of industrial cooperatives by more than one agency has also created a certain confusion. A Palm Gur making society was organised but without prohibition it has proved to be a failure in the area.

There are neither district composite organisations for marketing nor any apex organisation at the State level. Some of the goods produced in the project area will naturally be surplus to its needs and a marketing agency either at the district or apex level is required.

The project has thus thrown up many results, both positive and negative. It has demonstrated that a combination of good organisation, finance, technical training, production and marketing and intensive rural industrial programme can be successfully

organised. The objectives laid down in the scheme of pilot projects were to a large extent pursued in their proper spirit. The money has been well utilised and there has been a balanced growth of various types of village and small scale industries in the project.

10. Neyyattinkara Pilot Project

(a) *General Background*—This project covers an area of 212 sq. miles and a population of 3,49,000. Densely populated and with all the available culturable land under the plough, the project is in many ways different from others. Paddy, Tapioca and Coconut are the main agricultural crops. Fruit orchards (mango, jack, banana and pineapple) are also important. Forest products like timber, bamboo, rattan and reeds are other valuable sources of industrial raw materials.

(b) *Organisation*—Besides the C.P.O. (Industries) who is an Engineer, there are 3 Extension Officers, 39 supervisory technical staff, one Cooperative Officer and one Cooperative Inspector. The C.P.O.(I) is ex-officio Deputy Director of the Industries Department and is the drawing, disbursing and controlling officer of all industrial schemes in the project. He has, however, no powers to implement type schemes or to sanction loans under the State Aid to Industries Act. He can sanction share capital loans up to Rs. 2,000 and working capital loans up to Rs. 5,000 in regard to handloom schemes and loans up to Rs. 2,000 in the case of other approved programmes. The Block Development Officers work under the guidance of C.P.O.(I) so far as industries programme is concerned.

(c) *Co-ordination*—At the State level, an Action Committee was set up in June, 1956, which was subsequently reconstiuted as the State Co-ordination Committee. The Committee has proved useful in expediting sanction of schemes and in generally guiding the programme of the project. There is also an Advisory Committee for the project with 18 members, of which 8 are officials. There are no group level committees for groups of 20 villages. Instead, the Block Development Committees play an active role in the promotion of the programme by suggesting new schemes and assisting in the organisation of industrial cooperatives.

(d) *Programme*—The following are the important schemes sponsored in the project :—

(*i*) 40 *Industrial Units Scheme*

This scheme envisages starting of 40 small workshops located in different villages within the project area at a cost of Rs. 4.72 lakhs. Rural artisans are to

be provided under the scheme with necessary workshop buildings, machinery and equipment. The building, machinery and equipment are first entrusted to the local panchayats, which, in turn, entrust the working to a group of artisans in the panchayat area. The buildings and equipment are given on a long-term loan while working capital is provided through individual loans to the workers. The different nuits under the scheme consist of blacksmithy, carpentry, foundry, machine shop and industrial work centre for women. Out of 40 units, 28 units have started functioning and the others are likely to come up soon.

(*ii*) *Production*-cum-*Training Centres*

Four production-*cum*-training centres were started at a total cost of Rs. 2.5 lakhs. These were later converted into production units and have been organised into industrial cooperative societies.

(*iii*) *Handloom Industry*

The project area has about 18,000 traditional weavers who are accustomed to weave on fine yarn. Their product has a good market all over Kerala and outside. The Handloom Cooperative Societies were given share capital and working capital loans of about Rs. 5.6 lakhs. Two dye houses were started in the project area to facilitate the industry. These are at present run departmentally but are opposed to be transferred to a Central Handloom Cooperative Society.

Improved handloom accessories such as take up motion attachments, cross border dobbies, warping machines and reeds costing about Rs. 1.2 lakhs were distributed to members of the handloom Cooperative Societies. These accessories were manufactured locally through the industral units started in the project.

A Calendering and Bleaching factory is also being set up at a cost of Rs. 7.15 lakhs, mostly financed by the All-India Handloom Board. The factory building has been completed and necessary equipment has been purchased. The factory is expected to go into operation by March, 1960.

100 houses for handloom weavers were also constructed in the project area. The cost of each house was Rs. 2,500, of which one-third was grant and two-thirds loan.

(iv) *Khadi and Village Industries*

The Khadi and Village Industries Commission has started in the project area 2 Palmgur Production units, 1 village pottery unit, 1 soap and oil pressing unit, 1 hand-pounding of rice unit and 10 cottage match units. The total cost of these schemes was about Rs. 2 lakhs, of which Rs. 90,000 were earmarked for the cottage match units which have since been closed down. The Khadi Commission has also an intensive area scheme within the project which functions under a registered institution.

(v) *Other Industries*

A number of other industries were started on cooperative lines of which special mention may be made of ghee production, fruit canning and a women's industrial cooperative of ex-trainees in tailoring, weaving, printing, dyeing and soap making. Schemes for the manufacture of bricks, tapioca starch, palm-leaf products, fishing nets, etc., on cooperative lines have also been proposed under the normal C.D. Programme.

(e) *Marketing*—The different small scale industrial units are primary members of a Central Industrial Cooperative Society which assists the member units in a number of ways. Orders for the supply of various articles are procured by the Central Cooperative Society and then distributed among the various units. The marketing of goods outside the project area is entirely in the hands of this society, which is served by a technical officer and a cooperative officer to help the members on organisational matters. The society has an annual turn-over of about Rs. 18 lakhs and has built up a reserve fund of Rs. 30,000.

(f) *Industrial Estate*—A small Industrial Estate was started in this project at a cost of Rs. 8.14 lakhs. There are 3 'A' type, 9 'B' type and 18 'C' type workshops in the estate, all of which have been occupied. There is now demand for additional work-sheds and the State Government propose to make available developed sites without sheds for new industries. The existing industries are those for bicycles, small machine tools. steel furniture, padlocks, wood furniture, barbed wire, coconut sprayers, clay models, pith fancy articles, and file boards.

(g) *Training*—There was an extensive programme of training of rural artisans. The following table gives details of the persons trained in various crafts.

Industry (1)	Period of training (Months) (2)	No. trained (3)	No. settled on job. (4)	No. who joined Indl. Coop. (5)
Carpentry	18	12	12	9
Blacksmithy	18	24	24	20
Machine shop	18	12	12	11
Weaving	9	12	12	12
Printing	9	12	12	12
Tailoring	9	12	12	12
Soap	9	12	12	12
Disinfectants	9	8	8	8
Handicrafts	6	30	—	—

It will be seen from the table that most of the trainees have been settled with the exception of trainees in handicrafts. A training centre for horn work, conch shell, cane bamboo and lacquer-ware toys and dolls was started in the project and 30 persons trained in these handicrafts. The duration of the training was only for six months which was perhaps not adequate. A cooperative society has been organised with the conch shell workers but it has yet to start functioning.

In addition to the above mentioned training facilities the project has a trade school to train blacksmiths, carpenters, draftsmen and machinists. The school which is now run under the D.G.R.E. Ministry of Labour and Employment, has a capacity for training 60 craftsmen. There has been no specific follow up of programme in these projects, but it is understood that almost all the ex-trainees could find employment in Government Departments and private sectors inside and outside the State.

(h) *Expenditure*—The total expenditure on the programme up to March, 1959 was Rs. 46.25 lakhs, of which the Khadi and Village Industries Commission accounted for Rs. 3.58 lakhs, the All India Handloom Board Rs. 15.05 lakhs, the Small Scale Industries Rs. 19.73 lakhs, the Handicrafts Board Rs. 0.14 lakhs and the Industrial Estate Rs. 7.75 lakhs.

(i) *Employment*—As a result of various schemes, about 6,250 persons were reported to have been assisted, of which the handloom industries accounted for about 4,000. Nearly 1,250 persons were employed in small scale industries and another 1,000 in village industries (up to September, 1959).

(j) *Industrial Potential Survey*—The Industrial Potential Survey recommended new industries for the manufacture of handloom accessories, builders, hardware, brass electric lamp holders, ready-made garments, building of fishing boats, fruit canning

design centre, etc. The scheme for the building of fishing boats has already been taken up for implementation. Steps have also been taken to start fruit preservation industry and the manufacture of electric lamp holders. Readymade garments are already manufactured by the different women's units. Proposals for setting up the remaining industries were included in the current year's budget (1959-60) but it was found difficult to accommodate the scheme within the over-all annual plan ceiling.

(k) *Impressions of the Team*—This project has done quite well in the small scale industries sector. The project is under the charge of C.P.O.(I) who is an Engineer. Electricity is also available in the area and there are a large number of educated unemployed people. Perhaps these three factors are mainly responsible for the growth of a large number of small scale industries in the project.

There were hardly any small scale industries in this area prior to its coming under the Community Project Schemes in 1952. The starting of a Trade School in the area even before the pilot project was inaugurated helped to create engineering skills that could be utilized in rapid development of the programme. One of the contributory factors for success has been the excellent industrial extension agency that has been created in the project. In addition to the normal C.P.O.(I) and Extension Officers, there are as many as 39 technical supervisory staff in the different industries who could pay great attention to educating the village artisans in improving the methods of production and in apprising them of the various facilities and aids available from different agencies.

There has been good co-ordination between the All India Boards in planning and implementing the schemes. Their programmes have been complementary to a large extent. Equipment required for handlooms, handicrafts and Khadi and Village Industries have been manufactured in the Industrial Units sponsored by the Small Scale Industries Board. The CPO(I) has also a good liaison with the Boards and the Industries Department.

One of the special features in this project is the association of the village panchayats with the industrial programme. The 40 industrial units scheme was organised with the help of these local bodies. They got lands free for putting up the buildings and also took interest in organising cooperative societies. During the visit of the Team the panchayats gave the impression that they could do a lot in creating a climate for promoting industrial development.

The industrial cooperatives were found to be quite effective in bringing traditional artisans together and making available financial and managerial help. However, private entrepreneurs proved to be even more efficient in organising and working their units. The formation of the Central Industrial Cooperatives Society has helped in the marketing of goods as well as organising the production of industrial units. On the whole, the project has proved to be one of the best in the country and the Study Team felt that the money spent on it was well invested.

11. Kakinada-Peddapuram Pilot Project

(a) *General Background*—Kakinada-Peddapuram Pilot Project (Andhra Pradesh) consists of 247 villages with an area of 560 sq. miles and a population of nearly 7 lakhs. The project is one of the first 55 Community Projects started in 1952 and is at present delimited into 8 stage II Community Development Blocks.

2. The Pilot Project is entirely situated in the Godavari delta which is agriculturally very prosperous. Rice, Jawar, Sugarcane, Chillies, oilseeds and fruits are the most important crops of the region. Although agriculture is the main occupation of the people, 12 per cent of the families are artisans, among whom weavers, cobblers, carpenters, potters and oil mongers merit special mention. There are no major industries in the Project except for 2 sugar mills and 2 tobacco minning factories. Rice milling has been the predominent small scale industry.

A network of roads connect all important centres in the Project. In addition to road and rail transport, the Project is served by cheap inland water transport for about six months in the year. Of the 247 villages, 75 have been electrified.

(b) *Organisational set-up*—The Project has the full complement of Industrial Extension Staff comprising the Community Project Officer (Industries) and 5 Extension Officers (Industries), one in charge of each C.D. Block.

The Community Project Officer enjoys wide powers in implementing the industries programme. He can in his own discretion sanction approved type schemes up to Rs. 5,000, grant loans up to Rs. 2.500 and incur expenditure on store purchase up to Rs. 1,000. He has also the powers to register an Industrial Cooperative Society. The Block Extension Officer (Industries) works under the administrative and technical control of the Community Project Officer and the Block Development Officers also work under his direction so far as the industries programme is

concerned. There is close liaison between the Community Projects Officer and the Assistant Director of Industries (at the district headquarters), who is responsible for the industrial schemes under the State Aid to Industries Act. There is also excellent co-ordination between the C.P.O.(I) and the organisation of the Khadi and Village Industries Commission which directly runs its own schemes in this State with the help of Zonal Director. The other All India Boards operate through the State Department of Industries and co-ordination is automatically ensured.

(c) *State Co-ordination Committee*—The Industries programme in the project is guided and controlled by the State Co-ordination Committee, which meets regularly to co-ordinate the activities of the various operating agencies, to sanction the schemes and review their progress. The State Co-ordination Committee has met as many as 12 times in the last three years, and this is a measure of the keenness and importance the State Government have been attaching to the Pilot Project Scheme. At the district level, there is an industrial sub-committee with the Assistant Director (Industries) as the convener and a number of non-officials as members. This committee also reviews the progress of the industries programme and lays down priorities for schemes. There are no Development Committees for every 20 villages. This was not considered necessary as the project area has been delimited into 8 Blocks consisting, on an average, of 30 to 35 villages. Each Block already has a Block Development Committee entrusted with the task of reviewing the industrial programme.

(d) *The Programme*—The main emphasis of the industrial programme in this project has been on the development of Khadi and traditional village crafts, in which there has been outstanding success. Of a total expenditure of Rs. 22 lakhs incurred on the programme, Rs. 9.5 lakhs were spent on Khadi and Village Industries, Rs. 3.2 lakhs on the handloom industry and Rs. 4.7 lakhs on State Aid Schemes for assistance to traditional artisans. The Small Scale Industries sector accounted for only Rs. 4.6 lakhs most of which (3.9 lakhs) was spent on an Industrial Estate.

Under the programme of khadi development, more than 3,000 Ambar Charkhas were introduced in the area, providing employment to nearly 4,000 persons. This programme was taken up on a very intensive scale in about 35 villages which had hitherto not been producing any khadi, and the success achieved here in such a short time is worthy and capable of repetition elsewhere. Along with the Ambar Charkha programme, traditional khadi was given a big boost in those parts of the project where this was

being practised earlier. As a result of this programme nearly 8,000 persons have been brought into the fold of active spinners.

Handloom weaving, widespread in the area even before the initiation of the Project, received substantial assistance to strengthen cooperatives and increase its output. The 51 Co-operative Weavers' Societies existing at the beginning of the project received loan and share capital assistance to the tune of Rs. 3 lakhs, and this in turn helped nearly 8,500 weavers.

(e) *Industrial Cooperatives*—In the sector of Village Industries a number of cooperatives were set up to organise the existing artisans. There are 38 cooperatives including 6 on village pottery, 6 on handpounded rice, 5 village oil, 5 village leather industry and 3 for carpentry and blacksmithy. Not only were these cooperatives financed and assisted in several ways, help was also given to individual artisans, numbering over 2,000.

(f) *Industrial Estate*—Construction of an Industrial Estate in Samalkot is the main item of activity under the small scale industries sector. The Estate has provision for 24 factory units of which 14 units have already been completed and the rest are under construction. The Estate is centrally located and has a number of facilities; most of the completed units have already been occupied. There is a great scope for this Estate to develop and attract a number of entrepreneurs.

Training has been arranged in a number of village industries and the production centres set up for these have a good record of work, particularly those for pottery, coir processing, brush making, improved weaving, tailoring and leather goods manufacture. Nearly 350 people were given basic training in one craft or another.

(g) *Potential Survey*—The Project was surveyed in 1956 by an expert team of the Small Scale Industries and Service Institute, which recommended the strengthening of many of the existing industrial units and suggested the setting up of new industries mainly in the small industries sector. The State Government have accepted and implemented many of these recommendations and have given them wide publicity for the benefit of private entrepreneurs.

(h) *Impressions of the Team*—The Team was much impressed by the Khadi programme in the project. The Ambar Charkha, concentrated in less than 40 villages, has provided employment

in a very short time to nearly 4,000 persons. Most of these are women plying the charkha during their spare time, each earning on an average half a rupee per day. The programme owes its success to the zeal of the local organisers and the intensive manner in which it was organised. Great attention was paid to all aspects of the programme, training of personnel, supply of raw materials, collections of yarn and arrangement for its weaving, etc. The area in which this programme was initiated was entirely new to khadi production; and the ease with which it has been saturated with the programme gives the Team confidence that with proper organisation, the Khadi Programme can be developed considerably. There is, of course, one big advantage in that there is no problem of marketing; the entire production is taken over by the Khadi Commission for sale through its net-work of marketing organisations.

Even in regard to traditional village industries, the cooperatives, particularly those for ghani oil and village pottery, have shown remarkable progress in increasing their output and finding markets for their products. The existing units are adequate to meet the local demand for those products; any further expansion is likely to give rise to problem of marketing. This problem has already cropped up in the handloom sector and the existing arrangements of marketing call for improvement.

There is a dearth of finance both for cooperatives and individual artisans and the existing facilities have to be increased. The cooperatives can only succeed to the extent they receive liberal financial assistance in the future.

Most of the industries in the project fall within the purview of the Khadi and Village Industries Commission, a liberalisation in whose terms will go a long way in promoting their growth. For instance, the Khadi Commission does not generally grant loans to individuals with the result that even those who receive grants for equipment have to find the loan element of assistance from other quarters. The assistance available in regard to carpentry and blacksmithy is very limited; their performance can be improved if they are given greater allotments for grant of share capital loans, working capital loans and subsidies for the purchase of equipment.

The small scale industries are still in their initial stages of development, presumably because this project is predominently an agricultural area. There are, however, a large number of well-to-do persons who, with technical assistance, could set up small processing and servicing industrial units to meet the increasing requirements of the project.

By and large, the most outstanding feature of the project is the success with which a large number of persons were found full-time and part-time employment through limited investment mainly on khadi work. The project is not dissimilar to a number of other areas in the country which are predominently agricultural. There is no doubt that with a systematic organisation and proper marketing, the traditional village industries could not only be lifted from their existing stagnation but made. prosperous and thriving.

12. Amravati Pilot Project

(a) *General Background*—Amravati Pilot Project started originally under the Madhya Pradesh Government, has a population of 280,000 covering 524 villages and 4 towns, and lies now in the State of Bombay. The area is rich in fertile black cotton soil. About 17 per cent of the people live in the urban area. Amravati city has a significant concentration of small scale industries, such as cotton ginning and pressing, oil mills, food processing, leather works and other consumer industries. It is well connected by rail and road with all important villages, towns and market places in the district.

The area under study is a rich agricultural tract with cash crops like cotton, groundnut, oil seeds and fruit. The local population is generally immobile. The question of unemployment is not serious but there are many who are underemployed.

During the intensive period of Community Development (1952-56), considerable attention was devoted to the training of artisans. Amravati city, besides playing a pivotal role as a prominent educational centre, is the nucleaus of training facilities in the district. There are many Government vocational and polytechnical institutes. The Gandhi Gramodyog Mandir has also an intensive training programme.

(b) *Staff*—Though the pilot project was started early in 1956, the three Block level extension officers (Industries) joined their duties only in August, 1957. There were quick and successive transfers of Community Project Officers. Besides the Community Project Officer (Industries) and the Extension Officers, there is no provision for any kind of supervisory staff. There is no village industries organiser, nor is there provision for Assistant Registrar, Cooperative Societies, for organising and promoting industrial cooperatives. The Community Project Officer has no financial powers and cannot even run type schemes without previous approval.

(c) *Co-ordination*—The Pilot Project Area Advisory Committee was constituted only in 1958. There are no Group Development Committees. Representatives of the various Boards visit this project on specific and repeated requests. Their guidance is only received on the initiative of the C.P.O. (I).

(d) *Potential Survey Report*—The potential survey report was submitted only by the end of 1958. Though the report has been regarded as useful, hardly any scheme has been undertaken. The introduction of electricity is only a recent phenomenon in this area. In the pilot project area electricity is mainly used in domestic lighting and irrigation.

(e) *Programme*—Out of 36 schemes submitted by the C.P.O. (Industries) after the initial survey, only 4 schemes had been sanctioned up to September, 1957, but funds for their implementation have not been placed at the disposal of the C.P.O. till now. It is only since the latter half of 1958 that the Khadi Commission, the All India Handloom Board and the All India Small Scale Industries Board have granted nominal amounts against some schemes. The total expenditure up to March, 1959 was Rs. 4.27 lakhs, of which the Khadi Commission accounted for Rs. 1.57 lakhs and the Small Scale Industries Board Rs. 1.34 lakhs.

Very little work has so far been done in regard to linking up of rural industries with large industries. There is definite demand for a variety of consumers goods; the area is good agriculturally, but production in other sectors is not enough to meet local demands. Hardly any survey has been made for the introduction of auxiliary industries.

(f) *Training*—The training programme has not made any impact because of poor organisation and poor follow up. However, the skill of some artisans is gradually on the increase. This is particularly so in the handloom industry where the weavers who used to weave only 20 counts before have begun to weave up to 100 counts.

(g) *Industrial Cooperatives*—Only a few cooperative industrial societies have been formed and even they have not been working well. There has been inadequate finance for working capital as well as for tools and equipment. The borrowing limit on the society of up to 5 times its own share capital is inadequate. There is no organisation for the supply of raw materials or sale of products to Government or Semi-Government organisations. There is no effective agency which could secure raw materials like iron and steel, dyes, chemicals from cities at reasonable rates.

The demands of the various societies for the raw materials are being processed by the project office, but in the absence of definite and clear policy the local authorities can hardly be of much help. The District Industrial Cooperative Association has been organised but so far it has hardly solved any problem of finance or marketing.

(h) *Industrial Estate*—One small industrial estate was approved in October/November, 1959. The local industrialists at Amravati have shown keen interest in the scheme.

(i) *Finance*—Lack of adequate finance is one of the most important factors which have hampered the proper working or growth of cottage and small scale industries. Institutional credit plays a very meagre part. There is no branch of any commercial bank excepting one which has been recently opened by the State Bank of India in Daryapur. The Banks situated in Amravati city hardly give any loans to these industrial units. Cooperative credit facilities are quite inadequate. Under the existing set up of moneylender remains the chief source of credit to local artisans.

(j) *Impressions of the Team*—The area under study was selected as a pilot project area in November, 1955 but till February, 1958, no decisions in respect of implementation of any schemes had been taken. Neither the funds were allotted, nor any schemes sanctioned by any of the Boards or agencies of the Government. Thus it is clear that for want of proper planning and concerted effort there was neither proper scrutiny of various schemes, nor release of funds for approved schemes at an early date by the State and the All India Boards. As a matter of fact there was greater activity during 1952-55 when the blocks were in the intensive stage and even that could not be continued during the years 1955-57 or even in first half of 1958. There are several existing industries mentioned by the potential survey report which can be helped and geared for proper production leading to more employment. The potential survey report has also pointed out certain new industries which can be set up in this area. There is a good possibility of starting new industries like washing soap, cement product industry, agricultural implements, flaying-*cum*-carcass recovery, fruit preservation, etc. Though some of these schemes have been recommended by the pilot project, no positive action seems to have been taken so far by the Government.

By and large it can safely be said that this area has never been tried as a pilot project, and, therefore, it has hardly thrown up any results. There has been lack of proper organisation,

finance, marketing, technical knowhow and sympathy from the State Government. There was no coordination between the Development Commissioner and the Industries Department; the latter did not attach any importance to the pilot project.

13. Ramanagram Pilot Project (Mysore)

(a) *General Background*—The project consists of 405 villages with a population of about 2.6 lakhs. There were about 1,400 artisans in the area. Potters, blacksmiths, carpenters, masons and weavers are the important categories of traditional artisans. Silk worm rearing and silk reeling are also important industries. This project area was covered by Sir Viswesvaraya's rural industrialisation scheme of the erstwhile Mysore State, under which a cooperative society was organised for every 30 to 40 villages mainly for giving credit to the rural artisans.

(b) *Organisation*—The Project has a C.P.O. (Industries) and 3 Industries Extension Officers in position. There are no other supervisory personnel.

(c) *Co-ordination*—10 meetings of the State Action/Coordination Committee have been held. The Committee helped in expediting sanctions of the various schemes sponsored by the project. There is no Project Advisory Committee and no Group Level Committees for every 20 villages.

(d) *Programme*—The Khadi and Village Industries Commission sanctioned financial assistance to the extent of about Rs. 4 lakhs for starting ambar charkha, khadi weaving, silk weaving, cottage match, hand made paper, tannery, village pottery and village oil industry. 30 sewing machines were given on hire purchase by the National Small Industries Corporation. A rural industrial estate costing about Rs. 3 lakhs was allotted for this project. For the silk industry, credit facilities were made available to the extent of Rs. 35,000 to improve the quality of the cocoons by introducing graft mulberry which is of a superior variety. The silk reelers were also helped in replacing the old country charkhas by improved domestic basins to improve the quality of the silk produced. 125 domestic basins at a cost of Rs. 35,500 were provided for 25 units. The Handloom Board also sanctioned financial assistance to two Cooperative Societies to the extent of Rs. 28,000 as working capital. For the Coir Industry, two Cooperative Societies have been formed, and Rs. 12,400 sanctioned. The total expenditure for the project as on 31st March, 1959 was about Rs. 4.45 lakhs. Of this, Khadi and Village Industries accounted for Rs. 2.17 lakhs and the silk industry Rs. 92 lakhs. The expenditure under handloom was

Rs. 15,000 and under small scale industries Rs. 15,000. The various schemes undertaken under the State Industries Department incurred an expenditure of Rs. 99,000.

(e) *Employment*—This project has helped to provide full-time employment to about 1,000 artisans and part-time employment to 700. The Ambar Charkha programme alone has provided employment to about 500 persons.

(f) *Industrial Cooperative Societies*—22 industrial cooperative societies with a membership of about 2,300 have been organised in the project. There was no agency to supply raw materials prior to the starting of the pilot project. That task has now been undertaken by these industrial cooperative societies.

(g) *Marketing*—Before the pilot project started, there were only two handloom sales depots in the area for marketing handloom goods. Two khadi sales depots have been opened for marketing the products of village industries. These sales depots are managed by rural industrialisation cooperative societies functioning in the project area. Surplus stocks are sent to the emporia at Bangalore run by the Khadi and Village Industries Board. The Community Development Block is the major consumer for articles like earthen pipes, tiles, flower pots, smokeless chullahs, furniture, bee-keeping boxes, oil cakes, etc.

(h) *Finance*—Local article credit on easy terms is one of the great needs of the traditional artisans. They are not able to obtain credit from cooperatives as they cannot furnish any security.

(i) *Training*—567 artisans were given training. Of these, 50 were potters, 20 tailors and 393 ambar charkha spinners. It was reported that 352 of those trained had been settled on the job.

(j) *Industrial Estate*—The rural industrial estate is under construction. The Study Team was informed at the time of the visit that there was a great demand for worksheds in the estate.

(k) *Industrial Potential Survey*—The main recommendation was to start a few candidate industries like photo mount manufatcuring, production of chalk crayons, steel trunks, ragi malt and tanning. Recommendations of the Potential Survey Report have not yet been implemented.

(l) *Impressions of the Team*—Proximity of this pilot project to Bangalore, where several of large industries are located, offers an opportunity for starting a number of industries. but no initiative has been taken by the project to make use of this opportunity.

Mysore State, with its long tradition of development of village and small scale industries, could have given a better account of its performance in the project had there been sufficient and sustained interest at various levels in planning and organising the programme. The Team felt that the Pilot Project Officer was fighting a lonely battle. Also there was no adequate effort to channelise the people's participation in the promotion and development of the programme. One positive result was that traditional industries like village pottery were expanded by switching on to new products which are in great demand.

14. Dabra Pilot Project

(a) *General Background*—Dabra pilot project was originally started in Madhya Bharat in 1956 but after the reorganisation of the States it forms part of Madhya Pradesh. The project covers 337 villages and an area of about 700 sq. miles with a population of 136,000. The towns of Gwalior, Lashkar and Morar, which are important industrial marketing and educational centres, are very close to the project area. Also nearby are other important commercial and industrial places like Datia, Shivpuri and Jhansi. The area is well served by both roads and railways.

This area recorded good progress in agriculture with the construction of Harsi Dam in 1937. There has been remarkable increase in the production of sugarcane, and still greater possibilities exist for its expansion by intensive cultivation. Oil seeds is another major cash crop of the area. Industrial raw materials like clay and stones are also locally available. There is acute shortage of electricity for industrial uses.

During the intensive period of community development, *i.e.*, from 1952 to 1956, the cooperative movement made progress in this area. There were four industrial cooperatives in 1952; their number increased to 16 in 1956 and their working has been reported to be satisfactory.

There is a deficiency of skilled and trained personnel. During the intensive period of the Community Development Programme certain training institutions were started, but their actual working is far from satisfactory. A mechanised Cottage Industries Centre, set up at Dabra in 1954, started its training courses only in the beginning of 1958. The Sheet Metal Works at Dabra was started in February, 1955; up to February, 1958, only 24 students had completed the training course. Handpounding of rice and oil pressing Centres have not even now been able to attract trainees to any significant extent.

(b) *Organisation*—The project staff consists of the CPO(I) and one Extension Officer and ther is no other extension or supervisory staff. The CPO(I) has no power to sanction schemes or to register cooperative societies. There is no project Advisory Committee or Group Level Development Committee. There is an Action Committee at the State level but it has not so far been effective in the promotion of the programme.

(c) *Programme*—Khadi and Village Industries have received some attention in this project. There are a number of industrial units such as brick kilns, wool spinning, leather foot-wear, blacksmithy, pottery and oil pressing. Khadi and Village Industries Commission sanctioned some amount as grants and loan, but the other Boards paid scant attention to this project.

(d) *Finance*—Before the reorganisation of States the pilot project enjoyed a number of facilities for finance through the Madhya Bharat Khadi Sangh. Schemes for liberal assistance in the form of loans were available and loans up to Rs. 5,000 could be obtained on personal surety. Other organisations like the Industrial Finance Corporation also provided financial facilities, but the project did not take advantage of them. These facilities have not been available since the reorganisation of States.

(e) *Industrial Potential Survey*—The Industrial Potential Survey recommended a few candidate industries like flaying-*cum*-carcass recovery, bonemeal industry, soap making, brass utensils, rice bran oil industry, power alcohol and a card board factory, but nothing has been done to implement this recommendation.

(f) *Marketing*—There is one cooperative marketing society named "The Gwalior Krishak Sahkari Kraya Bikraya Dhan Mill Ltd.", Dabra, but there is no proper link between this organisation and the units of production. The policy of preferential store purchase, employed by the State Government, elsewhere, has not been tried here. There is no particular agency for the supply of raw materials. The cooperative societies and the other units make their own arrangements to procure raw materials. Even in the handloom industry, there is difficulty in the purchase of yarn. There are no artisans' cooperatives for such procurement; nor is there provision of funds at the disposal of any of the societies to finance bulk purchases.

There is no organised arrangement for marketing. The small bazars in the project area or occasional fairs consume the local product. The CPO(I) submitted a scheme for cottage industries emporia at Dabra but it has not been accepted.

(g) *Impressions of the Team*—No proper care has been taken to organise the industries programme in this pilot project. There has, in fact, been a sharp decline in the progress since the project area became part of Madhya Pradesh. In fact, some of the existing units like soap making centres, Ambar Charkha Kendra, wool weaving centres, village pottery centres were closed down subsequently. Even the few centres which are working did not record any satisfactory progress. All this should be attributed to poor organisation, unsuitable field officers and inadequate attention to provision of finances. A discussion with the State Action Committee revealed that the poor performance in the project was due to the State Government's difficulties in allocating funds from the Industries Department because of restricted plan ceilings. The State Action Committee was, in fact, anxious to close down the project, admitting thereby that the pilot project had almost been a failure. The Team could not help getting the impression that what contributed to this failure was lack of interest on the part of the State Government.

15. Baruipur Pilot Project

(a) *Background*—The Baruipur Pilot Project area is approximately the region between Sonarpur Thana in the north and Jaipur Thana in the south within the district of 24-Parganas in West Bengal. The total area of the Project is 90 sq. miles. The population of the Block is 1,23,000. Agriculture is the primary means of livelihood of the working population in the area. The ratio of persons employed mainly in agriculture as against those engaged in non-agricultural activities is approximately 7 : 3. It is very difficult to estimate the extent of unemployment in the area which has a predominently agricultural economy. The overall impression, however, is that the volume of unemployment and under-employment in all sectors of economic activity is considerable. There is a good deal of seasonal and disguised unemployment. Though rich in agricultural resources. the area lacks in mineral and forest products. The agricultural products available are paddy, vegetables, mangoes, guava, lichi, coconut, pineapples, etc. Bamboo, cane, reeds, etc., are also grown. Straw for use as raw material is available in good quantity. The project area is well served both by roads and railways.

Calcutta is easily accessible through a 16-mile long motorable road. It is estimated that every day about 1,200 persons from the project area travel to Calcutta for work and another 350 fruit vendors make the journey to sell their goods. Except for power supply from Calcutta through high tension transmission lines the area is not at all electrified. The cost of electricity is

high which accounts for the little impact it has made on the industries of the area. There has been no extension of electricity to villages as such.

The level of living of the people in the Project area is so low that about 84 per cent of them live in mud cottages with straw roofs. The result is that ther is no internal consumption of the articles produced in the area. A small number of people have found employment as middlemen between the consumers market at Calcutta and the producers of vegetables and fruits at Baruipur.

(b) *Organisation*—The Pilot Project was inaugurated in 1956. The organisation of the Project is : C.P.O. one; Extension Officers, three; supervisory staff, twenty-one.

The C.P.O. is an officer of the Industries Directorate and also acts as a liaison officer with Cooperative Department. The C.P.O. and the B.D.O. work in close co-ordination in regard to industrial programme. At the block level there is no separate Committee other than the Block Advisory Committee to guide the programme. There is, however, an Action Committee at the State level. But this Committee does not meet regularly with the result that the direction from the top instead of being uniform and systematic becomes more of an *ad hoc* nature. Village panchayats are not associated with the industrial organisation or with the working of the Project's programme. Nor are there any associations or organisations of the artisans in general which could be described as working to the advantage of their members or catering to their demands. Thus, the organisation of the Project has been a loser to the extent that there has been a shortage of technical personnel, irregular line of direction from the top and absence of any conscious local support by a representative body of the artisans or the people of the area.

(c) *Programme*—Some of the important existing small scale and cottage industries in the project area are : Handloom weaving, manufacturing of surgical instruments, carpentry, bricks and tiles, hemprope, hogla-shed and mat, bamboo-basket, leather footwear, pottery, bidi, blacksmithy and bee-keeping.

About 2,300 persons find full or part-time employment in the above mentioned industries. In the traditional type of industries like pottery, basket making, weaving, etc., the artisans work in their own cottages. Industrial Cooperatives are practically non-existent in the area. In the fields of brick making, hemprope and bidi making and in the manufacture of surgical goods, entrepreneurs employ labour on daily wages. Improved agricultural implements are now in increasing demand as a result of the

implementation of the Community Projects and National Extension Service Programme. But the units producing these implements are scattered throughout the Project area and are following the old crude methods of manufacturing and repairing them. An attempt to form an association of local blacksmiths to help them to introduce improved techniques of producing implements and increasing their number of saleable products has not so far met with any success. Successful efforts are, however, being made to organise cooperative societies among the weavers. These co-operatives are having managerial difficulties and are not being very helpful to the weavers. The Hem-prope industry which has a good market in Calcutta is also suffering because of bad organisation and defective supply. It could overcome these handicaps through establishment of cooperative societies.

(d) *Marketing*—There is no organised market in the area. A somewhat regular market can be found in Baruipur town. In the rest of the Block weekly bazars are the main feature. In large villages there are, however, a few established shops and daily markets. Surplus production goes to neighbouring markets. Hamp-rope making units and surgical instruments manufacturing units count on the Calcutta market. The products like Hogla shed mats and baskets also find their market outside the area. Entrepreneurs and artisans by and large look forward to the Calcutta market for the sale of their products. They do not depend on domestic consumption while going in for production. Surgical instruments industry, for instance, depends primarily on sub-contracts from manufacturing units and dealers in Calcutta. These established dealers and manufacturers secure contracts and orders in Calcutta and by marketing through their agents in Baruipur earn a big margin of profit. Unless marketing can be taken up on sound cooperative lines, artisans of the area are bound to be exploited by middlemen. While there has been a general awareness of this fact amongst the Project Staff and the artisans, not much has been done to meet the situation.

(e) *Finances*—There is acute shortage of finance for the artisans in the cottage units. There is practically no suitable organisation for advancing loans at low rates of interest. While cooperative banks are advancing money for agricultural purposes, little help is being given by them for industrial uses. The Block Development Officer has distributed a loan of Rs. 35,000 to 167 persons during the last few years. This loan was granted to men engaged in pottery, blacksmithy, carpentry, brick-making and handloom weaving units. Loans were also advanced for cattle rearing, fruit growing and house building purposes. Many people outside the industrial field also managed to get this loan. The quantum of loan so furnished was hardly sufficient to meet

the requirements of the area. As a result, a good number of Mahajans in Calcutta send their agents to advance loans to poor artisans who have no other source of finance open to them. These agents advance money at a high rate of interest, which is acceptable to artisans since no security is demanded against it. It seems that the formation of a Cooperative Society of local manufacturers is the only solution to this problem. Loans given to individual units by the Project authority yield no permanent benefit. Only a Cooperative built on sound lines can offer the remedy to this ailment which will also be able to get financial support from the State and the State Bank of India.

(f) *Training*—Training facilities have been made available in the area. But it has been noted that this training programme has not made much of an impact on the local crafts. Potters continue to work on traditional wheels. They do not use the improved wheel fitted with ball bearings which can rotate steadily in one plain for a longer period of time. The action of heat on different types of clay is not very well known to potters either.

Common facility centres started in the industrial estate have made a start in the right direction. With proper follow up action they can improve the techniques of production and increase the working capacity of local crafts units. The power driven carpentry unit opened by the Small Industry Service Institute in the Industrial Estate is working successfully. It is to be seen how far the techniques of work learnt in the power driven unit can be applied by local artisans to their crafts. Only a few units making surgical instruments and certain electrical engineering workshops within the Industrial Estate are using electricity as a source of power. There are other units also which could take advantage of electric power, but in view of the heavy cost of electricity they prefer to go without it. In case electricity can be made cheaper and extended to a larger area, small scale industries will have moderately good prospects of promotion.

(g) *Industrial Estate*—A small Industrial Estate has come up at Baruipur. This Estate is provided with the necessary facilities and amenities visualised in the scheme. Of the sheds which have been laid out for small industries twelve have already been occupied. Some of the industrialists from Calcutta have taken advantage of these facilities and have established ancillary units of the industries in which they are engaged. Local entrepreneurs have also set up a few industries of local character like paper-making, ink-making, etc. The Estate has a peaceful atmosphere which is congenial to productive work. It has already given a boost up to the manufacture of surgical instruments. While there has been a general complaint regarding the high rate of

electricity charges and rent rates, local entrepreneurs are in favour of extending existing facilities to a large number of budding industrialists.

(h) *Impressions of the Team*—Though Baruipur is an industrially backward area, existing small scale industries are not in a bad way. This has mainly been due to the nearness of the place to Calcutta. Because of cheap labour and low land prices, some of the industrialists and traders from Calcutta are also interested in exploiting the resources of this area. Inauguration of the Pilot Project has to a certain extent helped in diverting certain industrial projects from Calcutta to this area. Setting up of ancillary industries has been happy augury and has opened up some employment opportunities to the rural population. This growth needs to be further accelerated by a more forceful and conscious policy leading to dispersal of industries. While the project area for the time being has become a happy profit making ground for the moneylender and petty traders from Calcutta, it has also succeeded in creating a consciousness amongst the artisans to resist this trend by developing cooperatives. However, more energetic and enthusiastic efforts are required to harness this consciousness into a live co-operative movement. Unless marketing and financing facilities can be provided on cooperative lines, the local worker and the artisan will continue to be exploited by the moneylender. The Team was indeed impressed by local entrepreneurs showing a spirit of adventure by organising small crafts like brush-making, shoe-making, etc., but felt that unless sound financial sustenance could be provided to them, they might be completely wiped out by competition. The traditional artisans are in greater need of servicing and training facilities. The training schemes which have so far been taken up are barely sufficient in their content to meet the requirements of local artisans. The industries programme if properly oriented could make a good headway. The Team is of the view that the programme could receive a good push if the artisans of the area could be given organised support in the realm of credit and marketing. It would further help if the organisations like panchayats and associate bodies of carpenters, blacksmiths, etc., are formed and allowed to play a more positive role in the implementation of the programme. The State Co-ordination Committee will also have to play a more forceful role in planning than it has done so far.

16. Sehore Pilot Project

(a) *General Background*—This project was originally started under the erstwhile Bhopal State, now forming part of Madhya Pradesh. The population of the area is 184.000. The major food crops are wheat, jowar, gram and paddy. Cotton is an

important cash crop. 21 per cent of the total geographical area is under forests. Some of the minor forest produce which could be used as raw materials for starting small industries are neem and mahua seeds, bamboo and babul bark. Timber particularly teak and sal wood are of special importance.

(b) *Programme*—Bhopal Khadi Sangh had started the programme of ambar charkha, ghani oil pressing and soap manufacturing in this project. The Industries Department of the State Government started one model blacksmithy shop.

(c) *Training*—246 persons were given training in tailoring, carpentry, blacksmithy, printing and sericulture. Of these, 182 were tailors, 38 carpenters and 16 blacksmiths. All these artisans were settled in their jobs excepting a few carpenters. Tailoring has been one of the most successful industries in the area.

(d) *Industrial Cooperatives*—Before the inauguration of the project, there was only one handloom cooperative society. Since then, 19 industrial cooperative societies have ben formed with a membership of 581.

Situated near Bhopal city, this project offers great scope for the development of small industries. It has, however, not been worked on the prescribed lines by the Madhya Pradesh Government and there is practically no progress to record.

17. Manavadar-Vanthali Pilot Project

(a) *General Background*—This project was started under the erstwhile Saurashtra State which now forms part of Bombay. It has an area of 601 sq. miles covering 159 villages and 6 towns and a population of 192,000. 55 per cent of the people are engaged in agriculture and only 16 per cent are employed in industries. Ground nut and cotton are the main agricultural produce of the area.

(b) *Organisation*—The project has a CPO(I) and 2 Extension Officers. The Action Committee at the State level was reorganised after the merger of Saurashtra with Bombay. This Committee now looks after all the 4 pilot projects in Bombay State.

(c) *Programme*—There are three registered institutions for the development of village industries, particularly in the field of khadi. Funds have been made available to them by the State Board to start a flaying centre and a hand-made paper unit. Besides these, a District Industrial Coopertive Association has been registered to assist in the development of village and small scale industries.

(d) *Employment*—Only 282 persons have been able to get full-time employment, mainly in the khadi, Ambar Charkha and handloom industries. Another 2,000 have found part-time employment.

(e) *Industrial Cooperatives*—Before the inauguration of the project, there were no industrial cooperative societies in the area. Since then, 20 new societies have been set up with a membership of 849.

(f) *Marketing*—The Weavers' Cooperative Societies market their finished products mainly through the Saurashtra Industrial Cooperative Association, which was in existence even before the Project came into being.

(g) *Finance*—The Community Project Officer (I) was asked to go ahead with the implementation of the industries programme with the funds available as savings in the Community Development Blocks. From these funds, about Rs. 28,400 have been distributed to artisans for carrying on the activities like handloom weaving and village pottery. Another Rs. 39,000 have been distributed as loans to small scale industries. Financial assistance is given to industrial cooperative societies on the recommendation of the Loan Advisory Committee. During 1957-58, a sum of Rs. 35,000 was distributed to the three industrial cooperative societies as also to a few individuals engaged in carpentry, blacksmithy, hosiery and mechanical workshops. Village industries were also given Rs. 20,000 as loans. In March, 1958 Rs. 17,425 were distributed to three weavers' cooperative societies. The Small Industries Cooperative Bank, Rajkot, has also been advancing loans to industrial cooperative societies and has so far distributed Rs. 40,000. This is a welcome feature as not many such banks are functioning in the country.

(h) *Training*—In 1956, provision was made from the community project budget to give training in weaving, tailoring, blacksmithy and leather goods. The Saurashtra Khadi and Village Industries Board made arrangements for training in Ambar Charkha and village pottery. 240 persons have been given basic training in different trades. Of these, 228 are weavers.

(i) *Industrial Potential Survey Report*—Recommendations contained in the Industrial Potential Survey reports have not been implemented so far. The State Government has been finding it difficult to obtain the necessary finance because of the limitations imposed by the annual plan ceilings.

(j) *Impressions of the Team*—Although the project had made an initial start, it could not maintain the momentum gained

under the Saurashtra Government. Whatever little work had been done was in the field of khadi and village industries. Much of it was due to the efforts of the Saurashtra State Khadi Board and the three registered institutions in the area. The Khadi programme turned out to be a success inspite of the high labour rates, because of the interest taken by non-official leadership. As in the case of Amravati Project, this Project has also received inadequate attention from the State Government. The result is that the pilot project scheme has yet to be fully tried out.

18. Gobe-Erode Pilot Project

(a) *General Background*—The project consists of 217 villages with a population of 626,000. Irrigation facilities have now been made available in large areas with the completion of the Lower Bhavani Irrigation Project. This has completely changed the cropping pattern in the area leading to higher crop yields. Sugarcane, cotton and groundnut are among the important cash crops. Paddy and jowar are the main food crops. Handloom is an important traditional industry.

(b) *Organisation*—The project staff comprises one CPO(I), 7 Extension Officers(I) and 33 other supervisory staff. Extension Officers attached to C.D. Blocks work directly under the guidance of the CPO(I). There is a Project Advisory Committee but there are no Group Level Committees.

(c) *Programme*—Nearly Rs. 17.7 lakhs have been spent since the inception of the project in 1956. The schemes sponsored under the Khadi and Village Industries Programme have accounted for Rs. 2.8 lakhs; schemes under the Handloom sector Rs. 2.7 lakhs; schemes under the small scale industry sector Rs. 8.4 lakhs; and the State sponsored schemes Rs. 3.6 lakhs. Among the village industries, oil pressing, hand pounding of rice, hand made paper, flaying and bonemeal making have received greater attention. A good portion of the expenditure incurred on small scale industries was devoted to establishing a Small Industrial Estate, a common Central Tool Room and Service Centre, mechanised Foot Wear Unit and Model Bolts and Nuts factory. All these establishments are being controlled directly by the State Government. The number of persons who have been able to get full-time employment as a result of the programme is 1,800 and another 16,000 have been able to find part-time employment.

(d) *Industrial Cooperatives*—There are altogether 29 industrial cooperatives excluding the handloom weavers society and Palmgur making societies. Most of these came into being after the project was started. Production-*cum*-training centres have been set up in blacksmithy, Wardha ghani for oil pressing, bamboo and palmirah fibre. There were altogether 12 demonstration-

cum-training centres in which nearly 1,000 people work are given training. It was reported that 671 of the people already trained have been well settled.

(e) *Marketing*—Marketing is not much of a problem as most of the goods produced by village industries are purchased by the State Government for departmental use. This State purchase preference policy has led to increased production in the industrial units. The model foundries and the bolts and nuts factory receive sizeable orders from the industrial units located both within and outside the project area. Only the leather foot-wear produced by the Model Foot-wear Centre had some difficulty in selling.

(f) *Industrial Potential Survey*—Apart from recommending further promotion of various traditional industries, the industrial potential survey suggested the setting up of a number of new industries like bone crushing and manufacture of press buttons, builders, hardware, cycle parts and G.I. buckets. But none of these recommendations has so far been implemented. The Team was informed that State Government did not agree to many of the recommendations which is unfortunate. Apparently, there was little co-ordination between the investigating survey team and the local authorities in reaching an agreed programme of industrial development in the area.

(g) *Impressions of the Team*—One of the main impressions of the Team was that neither the CPO(I) nor the Extension Officers had a full comprehension of integrated industrial development. They did not appear to have much sympathy or enthusiasm for promoting village industries and did not themselves believe in the success of this programme. This was perhaps due to the fact that the CPO(I) was new and had no earlier experience of similar work. The Project actually fared well in the field of small scale industries as also in the case of some of the village industries. However, increased agricultural production as a result of new irrigation facilities did not bring about any significant development in the industrial sector. In fact it was reported that better employment prospects in agriculture drew away a large number of local artisans from their traditional crafts. The Team felt that proper encouragement to individual entrepreneurs, drawn from among the more prosperous agriculturists, could have gone a long way in promoting industries but no such effort appears to have been made.

19. Alipur Pilot Project

(a) *General Background*—The project has a population of nearly 120,000. There are about 4,100 artisans' families, comprising mostly of blacksmiths, carpenters, potters, weavers, tanners and shoe-makers. Only two villages have been electrified.

Before the pilot project was undertaken there were no marketing cooperatives. Artisans were marketing their products either directly or through the middlemen. The project is only about 15 miles from Delhi city.

(b) *Programme*—The Study Team visited the following industrial units, taken up only after the inauguration of the project :—

1. Hides and Skins Cooperative Industrial Society, Ltd., Yukutpur.
2. Blacksmithy Industrial Cooperative Society, Narela.
3. The Qutabgarh Weavers Cooperative Society, Qutabgarh.
4. The Narela Cooperative Industrial Society, Narela, a co-operative of blacksmiths.

The site for a small industrial estate allotted to the project has been selected.

(c) *Progress*—While no programme was undertaken during 1956-57, Rs. 18,000 were spent in 1957-58 from the normal C.D. budget and another Rs. 2,18,000 during 1958-59. The amount spent on village industries came to Rs. 83,000 and on small scale industries to Rs. 79,000. The area is specially suited to the development of small scale industries on account of its proximity to Delhi market. The manufacture of agricultural implements and cycle parts is being undertaken by cooperative societies. These societies, however, are not able to get all the iron and steel they require. There was no work in the project for the first two years and during 1958-59 also very few activities were undertaken.

20. Sanganer Pilot Project

(a) *General Background*—This project in Rajasthan consists of 555 villages with a population of 173,000. Nearly 10 per cent of the population are artisans. The project area is famous for its traditional crafts of calico printing and hand made paper. Only 4 villages in the project in addition to the town of Sanganer have electric power, which limits the scope for development of power operated industries.

(b) *Organisation*—The project has a CPO(I) and 3 Extension Officers(I) but other supervisory staff. The CPO(I) has not been delegated any financial powers. He does not also have direct control of the programme in the C.D. Blocks. He is. however, a member of the State Action Committee and the Block Development Committee which play a useful role in the direction of the industrial programme.

(c) *Programme*—The project began functioning effectively from 1957 only. There was no expenditure during 1956-57. During the last 2 years (1957-59) Rs. 8.5 lakhs have been spent of which Khadi and Village Industries have accounted for Rs. 4.5 lakhs, the handloom schemes Rs. 1.0 lakhs and the small scale industries Rs. 1.1 lakhs. Among the village industries special attention has been paid to the development of traditional industries like calico printing and hand made paper, promotion of tanning and oil ghani and introduction of Ambar spinning. The last mentioned industry has been organised on an intensive scale in selected areas. All these industries have well organised cooperatives and their products have a ready market within and outside the project area. The State Khadi Board started a number of its own production units among which soap making with non edible oils proved successful thereby providing seasonal employment to a large number of people for the collection of neem seeds.

(d) *Training*—About 1,000 artisans have been trained in the project. Most of them have been well settled. A majority of the trainees belong to the Ambar Spinning and handloom industries.

(e) *Industrial Cooperatives*—The project has made good progress in organising industrial cooperatives. There are in all 96 cooperatives with a membership of 2,400.

(f) *Impressions of the Team*—The Khadi and Village Industries have made satisfactory progress. Cooperatives have been functioning effectively and local artisans have shown considerable initiative and enthusiasm in promoting their crafts. The Team was particularly impressed with the tanning cooperatives which brought into their fold practically all persons engaged in the profession. One of these cooperatives has taken up the making of glue as an ancillary industry. This seems to have great scope for development elsewhere also. The State Khadi Board and the registered institutions have done excellent work particularly in promoting the Ambar Charkha programme and Khadi spinning, and there is good co-ordination between the official and non-official organisations. The Team could not however, help getting the impression that the entire planning in the project was mostly directed to the implementation of type schemes of various All India Boards. The State Action Committee which consists entirely of officials concerned itself mostly with the day to day problems of implementation of schemes and did not give much thought to the overall planning of the programme. The industrial potential survey made a number of useful recommendations but those have yet to be implemented.

CHAPTER III

THE PILOT PROJECTS : ASSESSMENT AND LESSONS

In the previous chapter we have given a brief account of the progress made by the various projects. This contains an individual account of five projects chosen from among the best as well as the most poor ones; and of seven other projects also visited by the Team. In giving these case studies, the object is to provide a perspective in which our observations and suggestions for the future might be better understood and appreciated; specially when for economy of space we would perforce have to be brief and much to the point in stating our findings and suggestions for the future.

2. Before making an assessment, it is necessary to point out that even though the pilot project scheme was formally inaugurated in 1956, it was not until a year later that the actual programme was undertaken. It would, therefore, be fair to take about two and not three years as the effective, operative duration of these projects.

3. Again, while the number of projects under the scheme was 26, only 15 projects can be said to have been established for purposes of making any study, the others had not initiated any worthwhile programme. A few had not even been started.

4. We must mention here that not all the States seemed interested or anxious to carry out this scheme. In fact, one of them pressed the Team to 'agree' to the closure of the project now run by that State. This was, of course, beyond our scope. The lack of progress in some of the projects can, therefore, be attributed to the absence of enthusiasm and interest evinced in the pilot programme by the respective States.

5. We need hardly stress that where a Block Development Committee or a State Government is not interested in a scheme, it is wasteful and demoralising to establish a project; whatever its intrinsic merit the idea is foredoomed to failure.

6. The pilot projects were to be located in the Community Development projects of the 1952 series, for it was believed that intensive work had already been done in those areas in respect of the main plank of the Community Development Programme, namely, agricultural extension. On this ground, these projects were considered 'ripe' for the intensive development of industries.

It was not possible for us to ascertain whether any significant improvement in agricultural production had been brought about in the areas selected for the industries pilot projects, or whether they were selected largely on account of their having been started in the 1952 series.

7. It has, therefore, not been possible for us to ascertain whether this programme received any support from an active and expending agricultural economy. When assumptions like these are made and crucial decisions like the location of projects are based on such assumptions, it is but right that basic data and other relevant information are furnished and recorded. Without this no assessment or evaluation, at a later date, can yield meaningful results.

8. While an immediate programme was required to be undertaken by these pilot projects, the real content of the programme was to be formulated after a proper and detailed survey of industrial potential of the area of each project. This survey was also to take into account the general economic and industrial conditions in and around the area so as to ensure that the industrial programme for a project was not conceived in isolation. The potential survey reports were not ready for any of the pilot projects before the end of 1958 or in early 1959. As such there had been practically no follow up work on the recommendations of these surveys by the middle of 1959 when we visited the various projects. So what we are really considering is only a two-year development effort of a rapidly devised *immediate* programme which might or might not fit into a long-term and integrated programme of industrial development.

Industrial potential surveys on this scale, were attempted for the first time. The time taken was inevitable. The experience gained during these surveys needs to be analysed and guide-lines provided for enlargement and speeding up of the programme.

9. In the implementation of this programme, such as has been attempted, the major reliance and burden has been put on the administrative machinery to plan, initiate, set up, man, finance and run the industrial units. The programme has been mainly carried out as a departmental activity and conducted through departmental officers, administrative and technical. No effort seems to have been made nor any measures taken in most of the projects to attract and associate entrepreneurs or small industrialists or other persons engaged in industry or commerce. In a few instances, where cooperatives of artisans or private individuals and entrepreneurs were drawn into the programme, the results have been very encouraging. The programme, if it is to

succeed, must cease to be an exclusive departmental protege. It must attract, associate and assist as many cooperatives and entrepreneurs as possible.

10. In the matter of active participation of the people in the area, a majority of the projects made indifferent efforts at the Block level and almost none at the level of group of 20 villages in each Block, as envisaged in the original scheme. But where the Block Development Committee or in some cases the Panchayats were actively associated, the projects made excellent progress. The lesson is obvious.

In the performance of their normal duties, the departments have to face many problems of speed and efficiency. Their difficulties increase when they have to contend with a programme of development and building up of economic enterprises. Where people's participation is also an important condition, the inadequacy of the administrative machinery is more sharply brought into focus.

11. It should, therefore, be easy to imagine the plight of those pilot projects which had to contend with several bureaucracies and authorities before they could get any schemes of funds sanctioned for their programme. A project sent its proposals to the State secretariat, where they were processed by the Industries and Finance wings and then sent to one of the All India Boards for technical scrutiny; from there they went to the Central Ministries of Industries and Finance and to the Planning Commission. On their return journey the proposals had to follow the same circuitous route and if all went fortunately well, the project received the word 'go' but not without a lot of administrative and procedural strings attached.

12. During their life to date, these projects have not enjoyed any benefits of delegated authority and decentralised action. The best attention of most persons involved in the running and direction of this programme seems to have been absorbed by administrative and procedural problems. The circulars, letters and memoranda issued by the Central Ministries of Industries and Community Development, the Planning Commission and the various All India Boards run into volumes, copies of which were furnished to the Team. A proper assessment of the progress made by these pilot projects cannot truly be made without examining the working of the various agencies involved, a task which we have considered to be outside our terms of reference.

13. We, however, found that the root cause of difficulties was that no separate financial provision had been made for these

projects, even though they were termed 'Pilot' and given a great deal of importance.

The State Governments had already drawn up their schemes when the pilot project scheme was initiated. They, therefore, found it difficult, particularly in the case of small-scale industries, to sponsor new schemes and to locate them in the pilot projects. With the introduction of Plan ceilings from 1958-59 onwards, the problem of finding adequate funds to implement schemes needed for pilot projects became more acute. Statewise ceilings determined by the Planning Commission did not offer scope for undertaking new schemes for pilot projects. This was a serious handicap in the way of carrying out the pilot project scheme, particularly in the case of those projects which were slow in initiating their schemes in the first two years.

As the pilot projects had no budget of their own, they had to draw up their schemes and send them to the various All India Boards through the State Governments for sanction and funds. In some cases, although an industry offered good prospects in a particular project, no funds were available because the Board concerned was itself short of funds for that particular industry. At the same time, there were industries for which funds were available but which did not hold a bright prospect of development. Yet, the project was not allowed to transfer funds sanctioned for one industry to another. A nucleus fund was requested for each pilot project by the various State Governments, but no provision was made by the Government of India.

14. During the operation of the pilot programme, the States found that the patterns of schemes of the All India Boards were somewhat rigid and needed modification to suit local conditions. Central and State Action Committees and Co-ordination Committees had to spend most of their time in discussing and finding solutions of these problems. It would not be too far wrong to say that these projects became more of an exercise in securing funds and approvals from the Central and State authorities. It must be said to the credit of these projects and to the Central and State Co-ordination Committees that ultimately they did succeed in forcing a welcome procedural change. Recently certain steps have been taken to eliminate some of these procedural hurdles and to minimise delay.

15. It is imperative that a specialised programme, for its implementation must have special and adequate provisions. Or else the objectives and expectations must be lowered. At the same time funds must be made available close to the level of operational responsibility.

16. Most of the above difficulties faced by these projects, were largely outside the sphere of the State Governments. But even in matters within the full control of the State Governments, a majority of the projects face numerous administrative problems. For instance, the officers in charge of the industries programmes in a number of pilot areas were frequently transferred and replaced quite often by persons with little training and less experience. In many projects delays were noted in sanctions and appointment of staff by the State Government itself after it had obtained approval and funds from the Centre. In a number of cases, the required strength of organisers and technical hands was not provided even where the Central Government had undertaken to meet 50 per cent of the expenditure on such staff.

17. Even more distressing, however, is the fact that the broad objectives of the programme were not fully translated into concrete practical steps required for their eventual fulfilment. For instance, one of the most important objectives of the programme was a close study and controlled observation of a number of problems relating to the development of cottage and small industries with a view to finding out solutions. No machinery or organisation was devised at any level to perform this task regularly and seriously. This omission alone has been enough to mar the status of these projects as 'pilot' projects. In the absence of such machinery, we have been somewhat reluctant to place full reliance on the figures of employment, production, etc., furnished by the various projects.

18. The training programme for artisans was generally conducted in training-*cum*-production centres. The Pilot Projects gave an opportunity to observe closely the defects of this training programme. The findings were considered by the Government of India and the State Governments, and suggestions for re-organisation were made to the State Governments (See Appendix V). It was observed that the combination of production with training adversely affected the efficiency of the training programme. It also gave room for shifting operational losses on the commercial side of production to the training side. The losses in the cost of production in the form of managerial and supervisory charges were debited to the training side and the price of articles was shown below the actual cost. The training imparted did not succeed in building up confidence amongst the artisans for self employment. Due to inadequacy of trained personnel for supervisory and teaching jobs, competent and experienced instructors were not available with the result that the training suffered in quality and often remained incomplete. The training-*cum*-production centres had no planned programme for follow-up activities. This matter was further considered by a special

Committee for the training of rural artisans appointed by the Government of India and it has already submitted an interim report.

19. Organising common facilities centres was considered an important, useful and necessary programme in some of the pilot projects. The traditional surgical instruments units at Baruipur needed heat treatment and finishing by a central unit which was organised in the Baruipur industrial estate. The weavers of the Neyyattinkara pilot project wanted a calendering and finishing plant and dye houses. Blacksmiths and carpenters of Neyyattinkara started workshops to provide themselves with necessary common facilities. Village potters everywhere needed worksheds to provide a common place of work. Similarly, the tanners wanted assistance in improving their pits and common worksheds and store rooms for stocking hides and skins, etc. Worksheds and common facility workshops were found to be among the most important felt needs of the traditional artisans.

20. Industrial estates have already been planned for pilot projects and some have been completed. We found that wherever intensive industrial development had taken place, the need for an Industrial Estate was also created. Some of the estates in the beginning did not attract enough entrepreneurs as and when industries started functioning, but as they progressed there was a rush from indusrtialists as in the case of the Neyyattinkara project.

21. In the matter of introduction of 'improved' tools several doubtful practices came to our notice. On the one hand, what had been introduced as 'improved' tools were hardly an improvement. On the other, there were instances where highly mechanised and labour-displacing equipment had been installed. In either case the measures taken were not related to the requirements of the situation. In the absence of a proper technical assessment of a particular craft or industry in respect of the replacement of its traditional tools, such pitfalls are unavoidable. Except in the case of a few industries, we did not find any organised and systematic research into the development of tools and techniques industry by industry. This is a prerequisite of any significant programme for the introduction of improved tools. It is therefore difficult to give much credit to these projects for having made any worth-while contribution to improving tools or techniques of production and thereby increasing the productivity and competitiveness of industries in the area.

22. The great need of the traditional artisans for credit was not satisfied despite the pilot projects. The poor artisans were

not able to get any loans as they could not give any security. In many projects there are no arrangements to give small loans on personal bonds. In some areas the Team found that the artisans have to pay exorbitant rates of interest to obtain loans from local money lenders. Any programme of industrial development in the rural areas must give first priority to this aspect of the problem. The traditional artisans like blacksmiths, carpenters, oil men, shoe-makers, village potters, weavers, spinners and others should be helped in getting small loans at low interest and that should be the starting point for any programme of rural industrialisation.

The terms of the loans in respect of requirements of security, rate of interest and the period of repayment must be altered to suit the conditions of the artisans. During discussions with representatives of the main All India Boards, the Team got the impression that the general feeling was that funds sanctioned for the pilot projects were better utilised, simply on account of better supervision and attention paid in these projects. In areas where such supervisory machinery is available, a reoriented credit programme can be undertaken without delay or hesitation.

23. One of the objectives placed before the pilot projects was to develop a pattern of marketing. As the case-studies show, only in some projects *viz.* in Bihar, Kerala and Madras, has the marketing programme been built up to a point of reasonable success. In Madras and Kerala the marketing organisations have been fairly developed. The State Governments have also lent support through State purchase. But most of the projects are still far behind in this respect. Continuation of the present level of production and its expansion are primarily dependent on a vigorous and well organised selling effect. The local areas which produce the goods have themselves not provided any active patronage in many cases.

The experience of the few successful projects (mentioned above) in this matter provides a good pattern which can be emulated. Marketing, however, is not a static but a dynamic programme and requires constant and periodic vigilance and review to keep the producers actively employed. The two years period in which these projects have worked might not have been enough to build up an active marketing programme, but we did not find any special plans, personnel or resources being mustered to undertake this task.

24. As the case-studies show, in some of the projects, the promotion and development of cooperatives received proper attention and achieved good results. But this happened mostly

where the Government provided adequate assistance in the way of finance, managerial and technical guidance and marketing assistance. The pilot projects registered a number of useful observations about the working of industrial cooperative societies and these were made available to the Working Group on Industrial Cooperative Societies. Many of those observations were incorporated in the recommendations of the Working Group on Industrial Cooperatives. Since the Government have taken a decision on the various recommendations of that Working Group only recently, we do not propose to go further into this matter.

25. Despite innumerable hurdles and difficulties the projects have made slow but sizable progress in the matter of setting up industries or aiding existing ones so as to broaden the employment opportunities generally. Unfortunately, the achievements and thus employment opportunities, are not fairly shared by all projects as most of the development took place in only 9 of the 25 projects.

As mentioned earlier in this report, out of an expenditure of Rs. 2.3 crores on these projects, about 75 per cent was incurred on the programmes of 9 projects. The employment figures reported by these nine projects also indicate a correspondingly higher ratio than in the remaining projects. Even if the reported figures of full-time and part-time employment were accepted with a certain discount, the achievemnt is commendable. If a handful of projects can extend benefits to such large numbers, whether full-time or part-time, the impact of a similar programme on a national scale can easily be visualised.

It will be of interest here to note that most of the reported employment for these projects is accounted for by khadi or village industries or the Ambar charkha or handlooms.

26. The experience of these projects shows that where there is no electricity and other facilities for the growth of small industries are lacking or are inadequate, and where the area is generally backward, a programme of assistance to traditional and village industries can still be undertaken. There may perhaps be some question about the long-term survival chances of some of the village industries and the wages offered by them may be low; but the relative ease, economy and speed with which they can be set up, and the large number of people to whom they can provide supplementary if not substantive income, are strong points in their favour not only for the present but, it seems to us, for many years to come.

At the same time special efforts are required to provide basic facilities and to create other conditions for the rapid

growth of industries in and around the rural areas. Electricity, transport and skilled labour are some of the most important pre-requisites. In projects where these facilities were available, such as in Neyyattinkara, the growth of small industries and small factories has been excellent.

27. As stated earlier, the industries started so far were based on an *ad hoc* immediate programme. The industries recommended by the Industrial Potential Surveys are still to be started. We, however, did not find any detailed study made of individual industries so far introduced. It is essential that a study covering the economic, technical and commercial aspects of about 10 to 15 such industries, *viz.* builders hardware, agricultural implements, ghani oil crushing, soap making, electrical goods and accessories, etc., should be made as early as possible. The working of a particular industry in four or five different areas can be studied and compared as a part of the study. It should yield valuable results and provide much needed guidance in the introduction of different industries in different areas.

28. We found that the service institute of the type set up by the Small Scale Industries Board is restricted to the State capitals; and such service is not made available in the districts except by a few technical hands employed by the Industries Department, and this is hardly adequate for the purpose. In the projects which have shown satisfactory progress, it was found that each block, besides the C.P.O. (Industries) had Industries Extension Officers who were supported by village industries organisers and experts in the different industries. Where there was an effective extension agency, other conditions being equal, the programme has done well. Bihar Sharif particularly has shown the way in developing a suitable organisational structure or what may be called an Industrial Extension Service.

29. Not so much by their achievement of it, but largely by its absence, the projects have highlighted the need for the closest possible integration and co-ordination of the rural industries programme with the general programmes of village development on the one hand, and with the general industrialisation programme on the other. Several examples of wasteful competition between mills and small industries making similar products came to our notice. A harmonious and rational adjustment is essential if national resources have to be preserved and used to maximum advantage.

30. In conclusion we would suggest that these pilot projects need no more be called pilot and should become an integral part

of the programme of development of small industries in each State. This could be brought about, say, by the end of the Second Plan.

31. We have deliberately been a little over-critical of these pilot projects for we realised that something bigger than the prestige of these projects was at stake, and that is the future of the entire programme of rural industrialisation. We have, therefore, exercised judgment somewhat harshly on these projects so as to ensure that the various facets of the problems involved did not escape attention in the planning and implementation of the future programme. In some cases, therefore, we have judged these projects even in matters with which they were not particularly charged.

32. Taking an extremely restricted view of the matter we found that as much as 75 per cent of the total expenditure on these projects in the last three years had been incurred in 9 projects which have shown commendable success, partioularly in the matter of employment and production. As such the money spent for the most part has been well spent. The criticism that runs through our assessment of these projects is, therefore, not in terms of wasteful expenditure or any inherent failure of the projects themselves, but in the gap between expectations raised (by somewhat ambitious objectives) and actual attainment of the goals.

33. Accordingly, as would be seen, our suggestions for the future are not marked with any sense of failure or gloom, but with the positive and forward-looking attitude. Needless to say that to the best of our ability we have assimilated the lessons of the working of these projects as well as the working of the larger programme of village and small industries—in suggesting the future programme, practical measures as well as safeguards required to ensure success.

34. In determining the size of the effort recommended by us, we have considered more the unaccomplished tasks of providing employment to the millions awaiting relief in this matter. Our recommendations have also been influenced by the hope that lessons of the past would be used profitably in working out an enlarged programme.

Chapter IV

THE FUTURE PROGRAMME

In the Second Plan the development of village and small industries is expected to promote the following objectives :

(*i*) to avoid as far as possible, during the period of the second plan, further technological unemployment such as occurs specially in the traditional village industries;

(*ii*) to provide for as large a measure of increased employment as possible during the plan period through different village and small industries; and

(*iii*) to provide the basis for the structure of an essentially decentralised society and also for progressive economic development at a fairly rapid rate.

2. By March, 1959 (the end of the third year of the Second Five Year Plan) the expenditure on all of the above programmes was estimated at Rs. 100 crores.

3. The objective of creating a decentralised structure cannot be achieved if employment opportunities are not provided in thousands of villages in the country. Concentration of development schemes in metropolitan cities and principal towns would clearly mean that the influx of population from villages to the big cities would continue unabated. The first objective of providing succour to the traditional industries also indicates some priority being given to such units of these industries as are relatively weak, *i.e.* lack in organisation, resources and technical knowledge. Barring a few exceptions, most of the weaker units of the traditional industries are to be found in the villages—which have remained neglected for decades.

4. The working experience of the 25 pilot projects shows that there were innumerable difficulties and inordinate delays in securing technical and financial assistance for village and small industries schemes in the rural areas. The 25 pilot projects embrace about 13,000 villages out of a total of 5,50,000. Special emphasis was placed on these pilot projects with proper organisation provided for each. A Central Action Committee and State Level Action Committees exerted constant pressure to secure finances and technical guidance for these 25 projects. Villages outside the projects did not have such special dispensation. The

amount of aid and attention that the non-project villages could have possibly secured under these circumstances, can well be imagined.

5. The pilot projects helped in bringing development activities closer to the rural scene. But this cannot continue to be a 'Pilot' programme, if the three objectives are to be realised fully and speedily. It must become not only an extensive programme covering all the Blocks, but also form the core of the general programme of developing small industries. As this objective is implied in the aims set out in the plan itself, we have largely confined ourselves to the strategy and steps required to achieve these declared objectives.

6. We consider that the measures designed to promote the first two objectives must necessarily conform to the requirements of the third objective of providing a basis for a decentralised structure of society. For, the experience shows that small industries can be developed in a manner that accentuates concentration and negates the objectives of decentralisation. The content and form of the programme are, therefore, inseparably linked. The measures suggested by us here are governed by these considerations.

7. No objective can however be achieved without creating the climate and conditions essential for success. At the same time where multiple steps are required to create the necessary conditions it would not suffice to act piecemeal. We say this to stress that acceptance of an individual measure recommended by us here would be meaningless and unfruitful if the prerequisites to success are not adopted and provided simultaneously.

8. Therefore, before making our suggestions for the future programme we would like to state some of the points on which there is a need for a clear and firm policy decision by Government. This is essential for creating the conditions in which the three objectives can be successfully realised.

First

It is necessary that a definite and substantial part of the resources provided for the development of village and small industries are earmarked for schemes operating in the rural areas. By rural areas, we mean villages with a population of less than 5,000. This category would cover 95 per cent of our villages.

Second

There should be a minimum programme for each of the 5,000 Community Development Blocks so as to

provide for a just and fair coverage of traditional artisans in different corners of the country; and for providing minimum opportunities for additional or increased employment.

Third

Simultaneous, long-term measures should be initiated to facilitate the growth of new industries and create a decentralised structure of society on as large a scale as possible.

Fourth

In the matter of implementation, there should be complete delegation of authority at the operational level.

Fifth

The programme should be so conducted as to allow for the maximum contribution and participation by private entrepreneurs and artisans' cooperatives.

Sixth

Further concentration of industries in metropolitan cities should be prevented and a wider dispersal of industries ensured.

Seventh.

All other measures should be taken which would broaden the base of this programme, quicken its pace, and secure the maximum of popular participation in the formulation, implementation and supervision of the programme.

9. A programme supported by these measures, in our view can lead to a harmonious and speedy realisation of the principal objectives of providing succour to the traditional industries; increasing employment opportunities; providing a basic essential for the growth of a decentralised structure; and paying the way for accelerated growth.

10. Measures to implement the above along with a programme to be undertaken during the Third Five Year Plan are outlined below :—

Recommendation No. 1

To provide financial, organisational and technical assistance to traditional cottage workers and artisans.

We estimate that there are roughly 1,000 artisans in each Block of about 100 villages. These artisans are not grouped together in any association or union. There are some cooperatives, largely of handloom weavers, but most other artisans operate individually. This makes the task of providing any financial or technical assistance to them very difficult. Yet the process of giving them aid cannot be delayed until they are brought together into organised groups or cooperatives. In fact, both the tasks of assisting them technically and financially and fostering their self-help organisations have to be pursued simultaneously. Our object should be to provide assistance to about one third or say to about 300 of the estimated 1,000 artisans in each Block, during the Third Five Year Plan.

Criteria of Aid

Criteria for the selection of artisans to be aided financially should be :—

(*a*) The craft or industry pursued makes products which have a demand—existing or potential.

(*b*) Subsidies, protection or other aids required are only for a transitional period.

(*c*) The artisan assisted is really needy; and the conditions exist for proper utilisation of the aid.

(*d*) The artisan concerned is willing to adopt improvements in techniques where such advice is available for his adoption.

Technical Aid

Subject to the availability of technicians, technical advice should be extended to any artisan in the area whether he is given financial aid or not. The technical aid should include advice on improved methods and techniques, introduction of improved tools and equipment, and improvement of the quality of products.

Organisational Help

Similarly, help should be extended to any groups of artisans in the area who are willing or can be persuaded to join a cooperative or any other form of self-help group or union.

The form of cooperative society suggested to the different groups of artisans should be related to their needs, ideas and extent of their preparedness. Different patterns are possible: Single-craft society; society undertaking more than one craft; supply and marketing society; common production or servicing

society. The individual cooperative societies may join in functional federations according to local needs and circumstances. During the Third Plan at least five new industrial cooperative societies (may be of any pattern) should be developed in each Block, or about 25,000 for the 5,000 Blocks. A minimum programme of education and training in cooperative principles and practices should be drawn up for at least those who evince interest.

When a cooperative is promoted, it should be provided with help in management, accounts work, technical matters and other cooperative aspects. Besides maintaining the usual statistics relating to their membership, share capital, turnover, etc., these cooperatives should also keep a record of employment and/or production contributed by them.

Set Up

At present, only half the number of Blocks have an Industries Extension Officer. Some craft-specialists and other technical hands are also provided to assist the Industries Extension Officers. Firstly, the technical hands should be strengthened to meet the requirements of the crafts in the area. Secondly an organiser should be attached to the Industries Extension Officer, who should contact the artisans, survey the crafts, assess problems and requirements, secure technical advice, disburse financial aid, and organise cooperative societies. He should receive training in the subject-matter and also in methods of organisation and extension. Over a five-year period the organiser should be able to cover all the villages in the Block; and to ensure this an annual programme should be drawn up for him to follow.

The suggestion to organise five cooperatives in each Block during the Third Plan, would enable the organisers to devote roughly a minimum of one year to one cooperative.

Based on the advice of the technical staff and the organiser and the recommendation of the Industries Extension Officer, the Block Industrial Development Committee should approve the grant of financial and other aids for individual artisans or co-operatives. The Committee may also make suitable delegation of powers to the technical and other officers to provide financial aid upto certain limits and for certain purposes.

Loans and Grants

A sum of Rs. 1 lakh may be provided to each Block for this programme for the Third Plan period. Not less than half of it should be used for repayable loans to artisans or their cooperatives; and amounts recovered should be further loaned. Not more than half of the provision should be spent on surveys, technical aid,

improved tools, organisational and managerial assistance, training, scholarships or merit prizes or for the promotion of marketing, participation in or organisation of local fairs and exhibitions, etc. The authority for final decisions in these matters should vest in the Block Development Committee or Block Panchayat Samiti. The loans should be of two types: short-term and medium-term which may extend upto five years. In the case of medium-term loans, the first instalment in repayment should not be expected before the twenty-fourth month from the date of issue of the loan.

Estimates

For 5,000 Blocks, at the rate of Rs. 1 lakh per Block, a provision of Rs. 50 crores (loans Rs. 25 crores and grants Rs. 25 crores) is necessary for the Third Plan period for organisational, financial and technical aid to rural artisans.

11. *Recommendation No. 2*

The programme of assistance to traditional industries recommended in sub-para (i) above would be mostly in the nature of a safe-guard against displacement. It would help to sustain these industries. But to ensure a more lasting stability and strength, it is necessary to give these industries strong technical support. This could be done by providing common facility centres, where required, employing equipment and techniques which individual artisans or small units cannot afford, or by providing improved tools and equipment, electric power, and the services of competent technical personnel. Marketing of products of the traditional industries will also require vigorous efforts through sale depots, publicity, exhibitions, etc. Such a task cannot be undertaken in all the Blocks during the Third Plan on account of obvious limitations, but it should be undertaken in about 2,500, or half the number of Blocks. The limitations of resources as well as of technical personnel make it necessary that a programme of bringing greater technical strength and developing of markets is concentrated in a selected centre in a Block which may serve the requirements of adjoining villages. In fact there already exist certain villages (which may be called cluster villages) which have over the years become the natural centres and where commercial and industrial activity has tended to develop and take roots. Very often such centres also possess certain advantages in matters of transport and communication and sometimes even availability of power and these factors have given them a special position.

In most of the Blocks one or two such centres can be found. One of these, which may offer the best facilities and a good potential for further development, should be selected.

Such a centre may be called the "Rural Industries Centre". The common facility units required for the industries in the area for certain processes of manufacturing, finishing, assembling, etc. should be located in the Rural Industries Centre as far as possible. Depending on the nature of industries in the area and the type of problems faced by them, a group of suitable technical hands should also be provided. Using the Rural Industries Centre as their base, the technicians should maintain close contacts with the artisans and industries located in the Block, and provide them with necessary guidance.

At the same time, the Rural Industries Centres should look ahead and offer facilities and assistance for the growth of new industrial ventures in their areas, that is to say, they should not confine themselves to the existing industries but should endeavour to foster the growth of new industries based on Industrial Potential Surveys and local conditions.

Direction of a Rural Industries Centre, formulation of its programmes, implementation, and grants of financial and other assistance should be vested in the Block Development Committee. The Industries Extension Officer or the Block Panchayat Samiti should act as its chief executive. The technical hands employed for the Rural Industries Centre should be directly responsible to the Industries Extension Officer.

The funds provided under the Plan for a Rural Industries Centre should be placed at the disposal of the Block Development Committee and the Panchayat Samiti who should have the power to make decisions. The Committee should take into account the advice and recommendations of the Industries Extension Officer and the Technical Staff. The Committee might also delegate certain functions and authority to their executive and technical staff for expediting the developmental activities.

Where a Rural Industries Centre needs technical advice and assistance at a higher level than can be provided by the Industries Centre's own staff, the Directorate of Industries, the Service Institutes, or the technical staff of the various Boards should be approached to provide such guidance. The same will apply to advice and help needed in the development of marketing.

We suggest that during the Third Plan we should aim at setting up about 2,500 such Rural Industries Centres. Generally, the policy should be to establish one Rural Industries Centre in a Block so as to ensure a fair dispersal of development benefits.

Each Rural Industries Centre should be expected to create opportunities for additional employment for about 100 persons,

besides providing technical, marketing and other facilities to traditional industries.

The proposed 2,500 Rural Industries Centres may be started at the rate of about 300 in the first year, 500 in the second year and about 600 each in the third, fourth and fifth years of the Third Plan. These are tentative suggestions, based on an annual review of the programme; necessary adjustments can be made.

It is proposed that each Rural Industries Centres should be provided with about Rs. 2.50 lakhs for 5 years. This will require an outlay of about Rs. 35 crores during the Third Plan.

12. *Recommendation No. 3*

There are certain areas where village industries have already reached, more or less, the stage of development expected in areas round the Rural Industries Centres. To provide increased employment, however, it is necessary that industries in such areas should be further developed by the establishment of Rural Industries Estates. The object of these Estates would be to develop land, build up space and offer facilities for further expansion of industrial activity and thus create employment opportunities.

Again, due to limitation of resources and technical personnel, it will not be possible to take up a large programme of establishing such Estates during the Third Plan. We suggest that at least two such estates should be established in each district.

In the location of these Estates in a district, the areas offering facilities of power, transport and other industrial and commercial advantages should be selected. Another consideration should be to secure a fair dispersal of industrial and employment opportunities within a district.

The type of industries that may grow at the Rural Industrial Estates will of course depend upon the potential of each area, but using a broad classification these industries may fall in any of these categories :—

(*a*) Processing of agricultural products.

(*b*) Manufacture of tools, equipment, fertilisers, etc., required for agricultural operations.

(*c*) Products for household, personal, school or office use.

(*d*) Ancillary and servicing industries to meet the requirements of the other industries.

The direction of the Estates should be entrusted to a committee which should include persons with experience in technical, industrial, commercial and financial matters. This committee might even take the form of a corporate body, either to begin with or subsequently.

The functions of that Committee or Corporation should include the following :—

(*a*) Surveys and prospecting of industrial potential in the area.

(*b*) Development of sites for location of factories, providing built up space and power.

(*c*) Help in drawing up plans and in the construction of factory buildings; it may be technical for the procurement of building materials or financial.

(*d*) Help in procurement, financing and installation of machinery and equipment.

(*e*) Help in procurement of raw-materials.

(*f*) Help in finding skilled workers or technicians.

(*g*) Market exploration.

(*h*) Improvement in quality of workmanship and products; lowering of costs and improving competitive position.

(*i*) Counsel and aid to artisan workers in securing just wages and working conditions; proper organisation of cooperatives; and trade unions.

(*j*) Any other help essential for the promotion and sound development of industries and industrial cooperatives.

At the rate of two in two blocks per district, 600 Estate may be established in the country during the Third Plan.

These may be established say 50 in the first year, 100 in the second year, 150 in the third, fourth and fifth years of the Third Plan.

An estate may be provided with Rs. 5 lakhs for a period of five years to undertake the functions assigned to it.

An outlay of Rs. 15.50 crores would be required for 600 Estates during the Third Plan.

13. *Recommendation No. 4*

The underlying idea behind the measures we have recommended is to create conditions of balanced growth of the economy, where additional employment opportunities are created and distributed as widely as possible. The objective is to tone down further expansion of metropolitan cities and big towns as much as possible, and to provide employment opportunities for the population in a group of villages (say in a block) as close to their present abode as feasible.

It is not only employment opportunities which cause the influx of population to the cities, but also the numerous social amenities which are available in big towns and are almost completely absent in the remote areas.

We, therefore, consider that the programme of industrial development in the rural areas which we have recommended would not be wholly adequate in checking the flow of population, unless and until social amenities can also be developed.

Even if we were to provide for one Centre in a Block (a group of 100 villages) which could act as a frontier check-post of migration and provide opportunities for local industrial growth, we would need at least 5,000 such checkposts in the country. To be effective these check-posts (or let us call them small townships) must offer the opportunities of industrial employment as well as social amenities. The establishment of such a net-work of small townships is obviously a matter of long term pursuit. It is, however, necessary that some preliminary action and experiments in this field are undertaken on a small scale so that firstly the validity of this approach can be tested and secondly valuable lessons can be learnt for the expansion of this programme during the Fourth, Fifth and subsequent Plans.

We, therefore, suggest that a Pilot Project may be established in one district in each State during the Third Plan. In these selected district Projects planned and intensive effort should be made to establish a decentralised structure and create conditions for industrial development.

The object should be to build up one small township in every Block in the selected districts. We have earlier recommended the criteria for the location of a Rural Industries Centre in a Block. We envisage that in the long run each Rural Industries Centre would develop sufficient industrial opportunities as well as adequate social amenities to become a small township. The townships in the selected districts must therefore be identical with the Rural Industries Centres, and should not be separately

located. It may perhaps be too early to use the word township for such a centre, but as a result of 20—25 years of intensive development the Rural Industries Centre may grow into a small township and may effectively serve the purpose of the check-post.

In short the suggestion is that in one district in each State intensive effort should be made to achieve in a period of 5 years (it may even extend to 7 years) a pattern of decentralised structure of society, as we expect to develop all over the country over a long period of time.

The provision required for these selected district projects would thus include funds for the development of industries as well as for creating the Block level townships. So far as the requirements of the townships are concerned, it may be possible that some of the resources may be available from the general plans of a particular state where provision for social amenities in small towns is a usual feature.

We suggest that a provision of Rs. 10 lakhs may be made for each of the 15 Block level townships to be developed in the district. This will be used for the development of industries as well as for social amenities.

Separate provision needs to be made for funds required for schemes of general benefit to the district as a whole such as the creation of the central unit for prospecting, planning and technical advice. Certain other facilities may also have to be created to serve the needs of different blocks in the district in matters such as marketing, publicity and quality of products. It is proposed that an *ad hoc* provision of Rs. 50 lakhs may be made at the district level for this purpose during the Third Plan. Thus a total provision of Rs. 2 crores may be made for each pilot project district or a total of Rs. 28 crores during the Third Plan.

The Planning unit in the district should have a cell to record progress and maintain data to facilitate the assessment of results. One of the special points of study and observation in these selected districts should be the effect on migration. Other studies will relate to improvement in employment opportunities and technical and qualitative performance of industries and their products.

To ensure integrated and effective development we suggest that these districts should be identical with those already selected for intensive and comprehensive development of agriculture under the Ten Point Programme recommended by the Ford Team.

14. *Recommendation No. 5*

Training Programme.—We have already recommended measures whereby social and physical amenities, such as land, power, transport, finance, and raw-materials, are to be provided for facilitating and speeding up the process of industrial growth.

Another major requirement for the growth of industries is the availability of competent and adequate number of trained and skilled workers. Apart from their availability it is also important to know from where they are to be drawn. At present people move from villages to towns and cities where they learn skilled work either in training institutions or as apprentices in the various factories. During the process they get settled in and around cities. Their natural inclination then is to stay on and not return to their homes. One reason for this is that they cannot find proper employment opportunities on their return to villages.

On the other hand, an entrepreneur might be interested in setting up an industry or a factory in the country-side is not sure whether he can attract skilled workers from metropolitan cities. He, therefore, prefers to locate his factories near a city, where, apart from other facilities, he can get skilled workers more easily.

In our view one of the effective ways of breaking through this vicious circle would be to launch a long-term training programme, which should give some fair representation to each area in the matter of training opportunities. A minimum number of persons should be selected from each of the 5,000 blocks for purposes of training. We suggest that the objective should be to train at least 50 persons from each block. This would ensure in a way fair dispersal of trained workers. After training a good percentage of these workers would be available within the blocks to help in the establishment of industries.

The reference to training here is not in respect of *ad hoc* specialised training schemes in a particular industry or craft. Such training facilities should continue to be provided as at present under the programme of the various small industries Boards.

But the training suggested here is of a type relating to certain basic industrial skills. Such training can be given to workers like mechanics, fitters, turners, wood workers and electricians who are needed for almost all types of industries enterprises.

The size of industrial units to be located at the block level would generally be small. Such establishments would not be

able to employ separate skilled workers for each process. Multiple-skilled workers would be more economical for such industries. It would, therefore, be advisable to provide training in at least two vocations to a trainee.

More than that the training should be sufficiently intensive and of a high order so that the workers can be relied upon to give quality performance. Any attempt to economise on a good training programme would result in the industries being manned by poor workers and the perpetuation of inefficient industries.

It is obvious that if a training programme of this magnitude and intensity is to be implemented the existing training facilities would be inadequate. The additional training centres required, therefore, should be set up around the rural industrial estates or rural industries centres as proposed by us earlier.

We are, however, not elaborating further on the detailed aspects of the training programme and the facilities required for it as we find that a Committee on the training of Rural Artisans, meeting under the Chairmanship of P. Rajnath, has recently submitted an interim report on the subject and we endorse the recommendations of that Committee in the matters bearing upon our suggestions here.

We propose that during the Third Plan a provision of Rs. 30 crores may be made for the training programme as suggested above. This training programme will be co-ordinated with the training programmes of various Boards and the Ministry of Labour & Employment.

15. *Recommendation No. 6*

Marketing Facilities.—The problem of marketing faced by the traditional industries is well-known. While taking measures for technical, financial and organisational help to such industries, special consideration would have to be shown to solving their marketing problems. The major part of such a help would be a well organised net-work of emporia and sales depots for the distribution of goods, extending upto the Block and the Taluka level. There are certain areas which have already been covered by various emporia and depots but the greater part of the job still remains to be done. Some of the gap may be filled by the programmes of the various small industries Boards. But to ensure that the maximum coverage is provided to the products made in different parts of the country, it would be necessary to make some provision as an integral part of the programme of rural industrialisation proposed by us here. We would, therefore, suggest

a well planned and managed programme of marketing of industrial products. Sales depots will also supply raw-materials to the artisans and the industries. Provision of Rs. 7 crores may be made for this purpose which will be used for making allocations to the different State Governments for the opening of emporia and depots in such areas as are not already covered by some small industries sales depots. Since this programme and the programmes of the six small industries Boards/Commission are carried out through the State Governments it would ensure that there is no duplication of effort in this matter and yet maximum expansion of distribution net-work takes place during the Third Plan. As far as possible composite depots should be set up at the Block or the Taluka level to avoid duplication which is not uncommon today in this field. As the cooperatives grow, the depots can be handed over to them.

16. *Recommendation No. 7*

Rural Electrification.—We would urge special attention being given to extension of electricity to at least the proposed centres, district industrial estates, and shadow block level townships. Considering the present pace at which electricity is being extended to villages it is obvious that it will take several decades before electricity supply becomes universal. Any substantial programme of industrialisation without power is not possible. We would therefore urge that while adequate resources should be provided for speeding up the programme of rural electrification, the possibilities of installing diesel-power generating sets should be given serious consideration.

Today by and large, small industries have to pay higher rates for electricity than the large industries for various reasons. Concerted steps have to be taken for extension of rural electrification as otherwise the progress is bound to be slow. The small industries and farmers are not in a position to pay for the entire cost of rural electrification. There is, no doubt, that an element of subsidy by the State is called for in view of the high cost of extending electricity to the villages for the use of farmers and small industries.

It is suggested that on account of the importance attached to rural electrification, a high power committee may be appointed by the Ministry of Irrigation & Power to go into the entire question of rural electrification in all its varied aspects.

17. *Recommendation No. 8*

Popular Participation.—It is obvious that a programme of this magnitude cannot be accomplished in a conceivable future, if

the man-power and money are all to be provided by Government alone.

We have, therefore, to conceive of this programme as something more than an administrative and departmental activity. It has to be thought of and developed as a national movement with the widest possible participation of people possessing enterprise, management and marketing ability, people willing and capable of taking risks and providing some of the capital, whether these be individuals, corporate bodies or cooperative instruments of the workers themselves, all of them have to be attracted and drawn into this national venture and an increasing reliance and responsibility is to be placed on their shoulders. In this context, we envisage the role of the Government at the Centre and in the States to be marked by the policy of : from each according to his capacity and to each according to his need. The Government will thus largely act in this field as a promoter, initiator and will for most part enable the individuals, corporations and cooperatives to do the job. It will provide them counsel, aid and assistance. If necessary the Government may regulate their operations to ensure sound social, economical and technical performance.

Where enabling policy alone does not help or quicken the pace of development the Government might act as a doer initially and secure participation and assumption of responsibility by the people in due course.

18. *Recommendation No. 9*

Organisation of Artisans.—The rural artisans are not organised in any associations, trade unions or cooperatives of any significance. In the interest of a rapid growth of industrial activity as well as for the purpose of inculcating the spirit of team work, cooperative endeavour and protection against exploitation by entrepreneurs, the programme should give full encouragement, assistance and counsel in the organisation of associations, trade unions and cooperatives.

Equal emphasis is required on the organisation of industrial cooperatives. We are not elaborating on this, as the Working Group on Industrial Cooperatives has dealt with this subject comprehensively and Government have recently accepted many of the recommendations of that Group. We would urge early implementation of those recommendations.

19. *Recommendation No. 10*

Educational Tours.—Education tours for artisans, deputation of artisans of one area for advanced training in other areas in the

country should also be organised. This is already being done for farmers, and its utility is beyond doubt.

Such education tours should include visits to marketing depots and emporia, production centres, as well as training and design centres.

A provision of Rs. 20 lakhs may be made for this purpose during the Third Plan.

20. *Recommendation No. 11*

Craft Museums.—Apart from these measures of assistance for the traditional industries, we also recommend the setting up of regional crafts museums preferably at the Block level. In many of the crafts the most powerful element is in their design. With the passage of time and specially with a variety of new influences working on the rural craftsmen and consumers, the traditional designs are bound to undergo a change. These Museums would be one of the effective means of preserving our rich heritage of folk designs, of stimulating local interest in indigenous crafts, and of providing inspiration and ideas to the future designers. The information centres set up at the Block Level should generally be relied upon to house and develop the craft museums. Funds provided under Recommendation No. 1 could be used for this purpose also.

21. *Recommendation No. 12*

Policy and Research.—In the past when growth of village and small industries and large industries was not subjected to any planned regulations, considerable wastage in resources as well as undue hardships on the weaker units were caused. In the planned effort that is now being made a continuance of such a state of affairs cannot be permitted. In the First Five Year Plan the Planning Commission took note of this problem and observed that "common production programmes would have to be worked out for various industries". Reterating this view in the Second Plan, the Planning Commission observed, "for building up a decentralised sector in modern industry, within the limits of technical possobilities, demarcation of spheres of production can be of material assistance to small units".

The reservation of spheres and restriction of capacity have been accepted in theory as integral feature of State policy in the broad national interest.

Competition between products of large scale and small scale industries including village industries is likely to increase in the years to come. For the small scale and village industries to be placed on a sound footing the relationship between various sectors of industrial development should be well-defined. It is important that the Third Plan should clearly extend the field of reservation or demacrate the sphere of production in regard to industries which are located in rural areas and are considered essential for development for socio-economic reasons. For example, there is no logic in financing hand pounding of paddy, if there is no restriction imposed on rice hullers in the area where the former is promoted. Similarly, if oil ghani societies are organised in an area, no oil mill or oil expeller should be permitted to operate. It should be the policy of the Government of India that during the Third Plan, any State Government which expects assistance for hand pounding of paddy and village oil industry, should clearly indicate that the areas where those industries are to be promoted would be banned from starting rice hullers or oil expellers. Such a step would avoid waste of money and efforts and also allow planned development of village industries where they are really needed.

For taking proper policy decisions in such matters empirical research will have to be encouraged. Problems of the following nature could be taken up for research which could be sponsored by the Ministry of Commerce & Industry :—

(1) Relationship between the size and technology of various industries;

(2) Relationship between the size and efficiency of an industry;

(3) Substitution of more labour intensified techniques in place of capital intensive technologies;

(4) Impact of Government policies on the growth of small scale industries;

(5) Incentives that could attract the agricultural surplus into industrial sector.

The Committee recommends that for this purpose an Action-Research Institute may be established. A Working Group may be set up to work out details of its working and financial implications.

It goes without saying that the success of the industrial programme suggested here would be profoundly influenced by our ability to step up farm production and correspondingly the income

of the farmers. Although it is outside the scope of this report but we believe that without an active and successful programme of stepping up agricultural production and rural public works programme the industries set up would not get all the support of an increasing purchasing power of the rural population. For even though for purposes of special report agriculture, village industries, etc., may be isolated and considered separately, they are essentially different facets of an indivisible problem. In the same way village and small industries programmes can achieve true economic significance as an organised segment of the larger process of industrialisation, and it should be considered as an integral part of this process.

22. *Recommendation No. 13*

Rural Cell.—At the Government level both at the Central and in the States, a special Rural Cell should be located in the Industries Ministries and Departments. These cells should be particularly charged with the responsibility of a watch-dog for the implementation of this programme and to take all other steps necessary to fulfil the tasks outlined here.

23. *Summary of Estimates*

We give below the summary of estimates :—

	Rs. in Crores
(*i*) Ist Recommendation - Credit for artisns	50·00
(*ii*) 2nd Recommendation - Rural Industries Centres	35·00
(*iii*) 3rd Recommendation - 600 Rural Estates	15·50
(*iv*) 4th Recommendation - Intensive development of 14 districts. ..	28·00
(*v*) 5th Recommendation - Training of artisans	30·00
(*vi*) 6th Recommendation - Marketing	7·00
(*vii*) 10th Recommendation - Educational tours of artisans	0·20
TOTAL	165.70

24. In conclusion we would like to stress that an effective system of annual review of the implementation of this programme should be instituted. The review should take into account not only the progress made, but also determine whether the ideas suggested here have been found practicable and satisfactory. Necessary adjustments and amendments should be made in the programme based on such a review.

Secondly, we would suggest that a plan for each State may be drawn up for the implementation of the above programme. The Plan should be discussed with each State Government and

only that part and size of the programme as is acceptable to the State, should be undertaken and assisted.

Thirdly, our suggestions are in some ways general and do not take into account the regional variations which are inevitable in a country of our size. We would, therefore, urge that our suggestions be modified and adopted in the light of local requirements.

Fourthly, the allocations we have suggested for this programme have not been broken down for each sector of small industries such as Khadi and Village Industries, Handloom, Handicrafts and Small Scale Industries. No such break-down is possible. In our view it is not even desirable because it will mean an arbitrary rigidity in the operation of the programme such as the one that plagued the working of the 26 Pilot Projects in the past. While the outlay suggested by us here will form a part of the total outlay for the development of cottage and small scale industries during the Third Plan, in our view no attempt should be made to break this down Board-wise.

During the Second Plan period a general provision within the allocation for cottage and small scale industries was made for schemes which were applicable to any of the Boards. In a similar way it should be possible for this programme to be put under a general provision. In regard to this provision the various Small Industries Board should play an active role in providing technical guidance, formulation of industrial schemes and guidance in implementation.

Chapter V

INDUSTRIAL POTENTIAL SURVEYS AND PROGRESS REPORTS

I. Industrial Potential Surveys

It will be recalled that the long-range programme of development in each industrial pilot project area was to be formulated on the basis of a comprehensive investigation of its potentialities. This investigation known as the Industrial Potential Survey was carried out by the four Regional Small Industries Service Institute in all the 26 pilot projects. Altogether 12 teams were deputed for this purpose and each undertook the survey in two to three project areas. The field investigation in each project extended over a period of three to six months. Before the actual conduct of the survey, the teams were given in orientation training in New Delhi for about two months.

The potential survey was mainly concerned with an analysis of :—

(*i*) Existing and potential demand for manufactured goods within the area;

(*ii*) outside demand that could be met by the units located within the area;

(*iii*) estimation of human and material resources in the area, which could be utilised by the manufacturing units; and

(*iv*) selection of manufacturing lines that would take root and flourish in the area.

2. The survey was carried out in three stages. In the first stage the investigation team contacted various official and non-official agencies in the project and compiled all readily available information from existing records relevant to the industries programme. In the second stage, a rapid enquiry was made of a few selected villages in regard to the location of industries, marketing centres and channels of export and import. The third stage consisted of a more detailed investigation of the sample villages in which a number of sample households, industrial units, credit institutions, trade associations and dealers were contacted to obtain information on (a) levels of living; (b) consumption pattern; (c) credit facilities; (d) demand and market prospects; and (e) opinion of the agencies in regard to industrial development.

3. Based on the results of this survey, the team made a detailed analysis of the physical resources of the area and of skilled and unskilled manpower available. An attempt was also made to project the demand of commonly used manufactured articles on the basis of the existing pattern of consumption. Finally, with the help of this analysis, the team formulated a programme of industrial development broadly under three heads, —(i) existing industries capable of further expansion; (ii) existing industries without any further scope for expansion and (iii) candidate or prospective new industries.

Broad Recommendation of the Surveys

4. The Industrial Potential Survey Reports were analysed in the Ministry of Community Development & Cooperation, and it was estimated that their implementation would require a total investment of Rs. 126 lakhs. Of this nearly Rs. 70 lakhs were to be spent on new industries to be started in the area and the balance on the expansion of existing industries. The most popular industry (according to the number of projects for which it has been recommended) was builders' hard-ware. The other important industries were soap-making, fruit and vegetable preservation, electrical goods and accessories, general engineering workshops, making of agricultural implements, setting up of saw mills, foundry and blacksmithy, and bucket and steel trunk making units. The rest of the new industries proposed were peculiar to the areas concerned based mostly on the utilisation of special resources available in the area.

Generally, the reports lay greater emphasis on small-scale engineering industries rather than on traditional khadi and village industries, possibly because of the bias of the investigating teams in favour of their own special field of activity.

5. Although the recommendations of the Potential Survey Reports for the majority of projects have been available to the State Governments for nearly a year now, not much progress has been made in implementing them in any of the States. One of the principal difficulties has been the general shortage of funds under the State industries budget due to drastic cuts made during 1958-59 and 1959-60 in the annual plan-ceilings. We consider it highly desirable that additional funds should be set apart immediately for the implementation of these recommendations; otherwise, the time and effort spent in the formulation of an integrated programme of development would go in waste.

Experiences of the Potential Survey

6. We have given careful consideration to the experience of the Industrial Potential Surveys and the extent to which they

proved useful in the formulation of a programme of industrial development. One of the principal conclusions was that a project area of 200-500 villages and a population of 1-5 lakhs is not a viable unit for this type of survey and does not permit of a correct appraisal of developmental activities in the industrial sphere. Obviously any recommendation about the setting up of a new industry depends not merely upon the exploitation of local resources and fulfilment of local demands, but also upon the corresponding situation in the areas round about. Unless a clear picture of the regional production and demand is available, it is not possible to arrive at a definite conclusion about the viability of new industrial units in the project area except, of course, the traditional village industries.

7. We also observed that the data relating to the existing and potential demand of manufactured goods in the project areas, on the compilation of which much labour and time had been spent, did not ultimately prove useful in obtaining reliable estimates of future demand trends. Similarly information about the transactions of traditional artisans and small industrial units was found to be rather scrappy, based as it was on verbal accounts of the operators. The detailed investigations carried out by the survey teams were nevertheless very useful. Careful sifting of available information, discussions with the agencies concerned with village industries and an on the spot study of the working of some of these units, provided them with the requisite background, and thus helped them to make a full appreciation of the problems involved. We feel, however, that the great pains taken for elaborate house-hold investigations to estimate the levels of living and the pattern of consumption were ultimately of little help.

Future Programme of Surveys

8. The experience of the industrial potential surveys has led us to the conclusion that any similar programme for the future should be planned for a region wider than that covered in the Industrial Pilot Projects. Such a course would seem necessary because of the limited number of expert personnel who are competent to undertake such surveys as well as the amount of time and labour involved in carrying them out. We suggest that each State be demarcated into four or five homogeneous regions taking into account the material and manpower resources. For each such region we suggest that an outline plan should in the first instance be prepared on the basis of all available information without making any effort to collect additional data. Generally, most of the basic details required for the formulation of an outline plan are readily available. For example, the physical resources of the area (agriculture, forests, fisheries, live-stock,

minerals and power), the occupational classification of the people, the existing village industries as well as other industrial units located in the region, and the facilities for credit and marketing details for these can be obtained from the returns of agricultural statistics, industrial statistics, population census tables and the basic block survey report prepared at the initiation of each C.D. Block. The information from these sources will perhaps have to be supplemented by a general enquiry about the demand for manufacture articles within the region . This can be assessed quickly through an enquiry of the concerned officials, non-officials and trade associations. We do not recommend any detailed household enquiry for this purpose and consider it enough if a few representative industrial units and trade marketing and credit organisations are contacted.

9. The task of preparing an outline plan for the region should necessarily be entrusted to a team of experienced and trained officers. It should not be difficult to get the services of three or four officers from the State Department of Industries and they should be able to complete within a year the preliminary survey of all the regions in a State. We suggest that the Small Scale Industries Institute should be actively associated in this work and if necessary a cell may be created in this Institute for this purpose.

10. The outline plan for a region will indicate prospective village and small scale industries which can take root and flourish in the region. This list will naturally include industries already existing in the region as well as those to be introduced for the first time. Details about the location of these industries and how they should be promoted could really be worked out only after a mere comprehensive investigation at the block level. We suggest that each block may be given the specific job of examining the extent to which industries listed in the outline plan can be introduced or developed in the block with advantage. It will be enough for this purpose to have only a limited survey which should go into the details of working of a few selected units in the block (under the listed industries), the balance of advantage and disadvantage in developing them further and the additional resources required for the purpose in terms of trained personnel, raw materials, marketing facilities, etc. In other words, the survey at the block level will be confined to a general outlook survey in regard to the selected industries. We consider that this task can easily be undertaken by the block level staff. The outlook survey can be broken down into a limited number of enquiries of a few agencies and institutions; the Extension Officer

(Industries) and the Progress Assistant, between them, should be able to complete the survey reasonably statisfactorily without much expert knowledge.

11. Once detailed investigations at the block level have been completed in the manner described above, the results of the various blocks within a region can be pooled together and priorities determined for the types of industries to be set up and developed in each block and a detailed programme drawn up for each block as an integral part of the overall programme for the entire region. In this manner we consider it would be possible to draw up a comprehensive programmes for the region without having competing or mutually overlapping programmes of different parts of the region.

II. Progress Reports

12. In order to assess the progress of work in the Industrial Pilot Projects, the Ministry of Community Development and Cooperation prescribed a Quarterly Report (vide pages 50-58 of Ministry's pamphlet of circular letters in connection with the Pilot Projects) dealing with the various activities undertaken in the Project and in particular (*i*) the expenditure on individual schemes, (*ii*) training course completed and in progress, (*iii*) the number of persons trained, (*iv*) employment generated, (*v*) number of industrial cooperatives set up, (*vi*) physical achievements in terms of quantity and value of output (schemewise), and (*vii*) quantity and value of products marketed.

13. A critical examination of the Progress Reports from the Projects has revealed a large number of discrepancies and inaccuracies in the data furnished. These can be traced either to a misunderstanding of concepts and definitions of terms used or to the inherent difficulty in obtaining reliable information on the specified items. For example, we found that the figures of employment reported were not reliable in a number of cases, as the concept of the term "Employment" did not seem to be always the same in each Project, resulting in incorrect counting and sometimes double-counting of the same persons. Similarly, estimates of the value of goods produced and goods marketed were observed to be incomplete, as it was difficult for the reporting staff to contact each and every industrial unit within a Block to obtain a reliable account of its transactions. While it is perhaps possible to improve the existing position by training the staff in compilation of data, it seems very desirable to revise and recast the contents of the Progress Reports to make them more amenable to reliable reporting.

14. In deciding the items of a Progress Report and the frequency of obtaining information on them, we suggest that the following broad criteria should be kept in view : (a) The items should be of strategic importance and capable of quantitative measurement of the progress achieved. (b) The items should be such for which information can be readily obtained by the reporting staff (in this case, the Extension Officer and the Progress Assistant at the Block level) either by reference to existing records or by direct enquiry. (c) Periodical Progress Reports required at frequent intervals, say every quarter, should deal only with items likely to undergo a noticeable change in such small intervals of time. The rest of the items should preferably be dealt with in a detailed annual Progress Report.

15. We accordingly suggest that the quarterly Progress Report on the Village Industries Programme should only deal with details of : (a) expenditure on the programme, (b) training imparted, (c) transactions of the Industrial Cooperatives and other Institutions dealing with the programme, and (d) physical achievements of a few selected items which are of general applicability and interest. The annual Progress Report may give a more detailed analysis of the working of training programme, industrial cooperatives and other institutions and contain a critical appraisal of the impact of the various industrial schemes in terms of employment and production.

16. In addition to the quarterly and annual Progress Reports, we suggest that there should be a systematic and detailed survey of a few selected units from each major industry of the States, covering all techno-economic aspects. Such case studies will not only help in providing useful information about the working efficiency of these units and the employment created, but also provide useful guide-lines on which to secure further improvement. The case-studies should preferably be entrusted to trained field investigators. The services of the Progress Assistants can be commissioned for this purpose with advantage.

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NEW DELHI,
21st December, 1959.

SUMMARY OF REPORT

Introductory

Sl. No.	*Reference to para number*	
1.		Appointment of the Study Team on C.D. Industrial Pilot Projects—terms of reference and procedure of work. The Team divided itself into three different groups, and visited 12 Pilot Projects in 10 States.

CHAPTER I

AIMS AND OBJECTIVES

2.	I.1	26 pilot projects were initiated in April, 1956, one in each of the erstwhile States except Coorg and NEFA.
3.	I.2	Mussoorie Conference held in 1957 expanded and elaborated the objectives of the pilot projects.
4.	I.3	The scheme of the pilot project, appointment of Action Committees at the central level and in the States are referred to.

CHAPTER II

PROGRAMME IMPLEMENTATION AND CASE STUDIES

5.	II.1	Out of 26 pilot projects, 25 were functioning at the end of March, 1959. The project allotted to Jammu & Kashmir has not yet started.
6.	II.2	The total expenditure incurred on the programme until March, 1959, was about Rs. 2·3 crores. The activities in the projects became intensive only in 1957-58. The first year 1956-57 was mainly spent in drawing up schemes and getting sanction of funds.
7.	II.2	Three projects Neyyattinkara (Rs. 46 lakhs), Bihar Sharif (28.8 lakhs) and Kakinada-Peddapuram (Rs. 22·1 lakhs) accounted for 97 lakhs, *i.e.* 42 per cent of the total expenditure. Six others accounted for 33 per cent of the total expenditure. Thus 75 per cent of the expenditure was incurred in 9 projects. Expenditure in six other projects amounted to 15 per cent and the remaining 10 projects to 10 per cent of the total expenditure.

8.	II.3 & 4	39,000 persons were reported to have been provided with full-time employment, and 79,000 with part-time employment; but these should be taken at best as the number of artisans assisted by the programme. The reported production of goods worth Rs. 4 crores and sales of Rs. 3·5 crores for three years period ending March, 1959 related mostly to the organised sectors of the village industries such as cooperatives and government production centres.
9.	II.5	Training was given to 9,000 artisans (excluding those trained in Ambar Charkha Parishramalyas)
10.	II.6	1,074 industrial cooperative societies with a membership of 37,000 and a paid-up share capital of Rs. 14 lakhs were organised.
11.	II.7	Out of the 25 projects, small industrial estates were sanctioned for 10 projects. Industrial Estates at seven projects have been completed.
12.	II.8 to 20	Of the 12 projects visited, the Team was impressed by the progress made in three projects, namely, Bihar Sharif, Kakinada-Peddapuram and Neyyattinkara. Progress in Gobe-Erode, Ramanagram, Baruipur, Manavadar-Vanthali and Sanganer was fairly good. The performance of the remaining four projects—Dabra, Amravati, Sehore and Alipur was poor. Detailed case studies of the 12 pilot projects visited were presented.

CHAPTER III

PILOT PROJECTS : ASSESSMENT AND LESSONS

13.	III.1	In giving the case studies in the previous chapter, the object is to provide a perspective in which our observations and suggestions for the future might be better appreciated.
14.	III.2	The Pilot Project Scheme was formally inaugurated in 1956. It was not until a year later that the actual programme could be undertaken and thereby the operative duration of the projects is generally two years.
15.	III.3	Out of 26 pilot projects, only 15 projects can be said to have been established.
16.	III.4	Not all the States seemed interested or anxious to carry out this scheme. The lack of progress

in some of the projects is thus also to be attributed to the lack of enthusiasm and interest evinced in the pilot programme by the respective States.

17.	III.5	Where a State Government is not interested in a scheme it is wasteful and demoralising to establish a project; whatever its intrinsic merit, the idea is foredoomed to failure.
18.	III.8	While an immediate programme was required to be undertaken by these projects, the real content of the programme was to be formulated after a proper and detailed survey of industrial potential of the area of each Project. The potential survey reports were not ready for the projects till the end of 1958 or early 1959. What is under study is only a two-year development effort of a rapidly devised immediate programme.
19.	III.9	The programme has been mainly carried out as a departmental activity. In a few instances, where the cooperatives of artisans or private individuals or entrepreneurs were thrown into the programme, the result has been encouraging. The programme should cease to be an exclusively departmental protege.
20.	III.10	In the matter of active participation of the people in the area, a majority of projects made indifferent efforts at Block level and almost none at the level of a group of 20 villages as envisaged. But where the Block Development Committees or, in some cases, Panchayats were actively associated, the projects concerned flourished and progressed. Where people's participation was also an important condition, the inadequacy of the administrative machinery was more sharply brought into focus.
21.	III.11	It should, therefore, be easy to imagine the plight of these pilot projects which had to content with several bureaucracies and authorities before they could get any schemes or funds sanctioned for their programmes.
22.	III.12	During their short life, these projects have not enjoyed benefits of delegated authority and decentralised action.
23.	III.13	The root cause of difficulties was that no separate financial provision had been made for these projects. The ceilings determined by the Planning Commission from 1958-59 onwards did

not give scope for undertaking new schemes for pilot projects. A nucleus fund was requested for each pilot project by the various State Governments, but the Government of India did not provide such a fund.

24. III.14 The States found that the pattern of schemes of the All India Boards were somewhat rigid and needed modification to suit local conditions. Central and State Action Committees and Co-ordination Committees had to spend most of their time in discussing and finding solutions of these problems. It may be said to the credit of these projects and to the Central and State Co-ordination Committees that ultimately they did succeed in forcing a welcome procedural change.

25. III.16 Officers incharge of the Industries programme in a number of pilot projects were transferred frequently and their substitutes had less experience and sometimes little training, thus resulting in a set back for these projects. Delays in issuing sanctions of the State Government and appointment of the staff were quite noticeable in many projects.

26. III.17 The broad objectives of the programme were not fully translated into current practical steps required for the eventual fulfilment. For instance, one of the most important objectives of the programme was a close study and detailed observation of a number of problems relating to the development of industries with a view to finding out solutions. No machinery or organisation was devised at any level to perform this task.

27. III.18 The pilot projects gave an opportunity to observe closely the difficulties of the training of artisans and production-*cum*-training centres and many corrective steps have been taken.

28. III.19 Organising common facilities centres was considered an important, useful and necessary programme in some of the pilot projects.

29. III.20 Wherever the intensive industrial development took place, the need for a small industrial estate was created.

30. III.21 Except in the case of a few industries, the Team did not find any organised and systematic research into the development of tools and techniques industry by industry.

31. III.22 The great need of the traditional artisans for credit was not satisfied despite the pilot projects. The poor artisans were not able to get loans as they could not give any security. Any programme of industrial development in the rural areas must give first priority to this aspect of the problem.

Representatives of the All India Boards were of the view that the funds sanctioned for the pilot projects were better utilised; simply on account of better supervision and attention paid in these projects.

32. III.23 Only a few projects like those in Bihar, Madras and Kerala have built up reasonably successful marketing programme. These State Governments have also lent support through State store purchase, but most of the projects are still far behind in this respect.

33. III.24 The promotion and development of industrial cooperatives received proper attention and achieved good results, but this happened mostly where the Government provided adequate assistance by way of funds, managerial and technical guidance and marketing assistance.

34. III.25 Despite innumerable hurdles and difficulties, the projects have made slow but sizeable progress in the matter of setting up industries or aiding existing ones so as to create employment opportunities generally. Unfortunately, the achievements and thus employment opportunities are not fairly shared by all projects as most of the development took place in only 9 out of 25 projects.

35. III.26 The experience of these projects shows that where there is no electricity, and other facilities for the growth of industrialisation are lacking or are inadequate, and where the area is generally backward, a programme of assistance to traditional and village industries can still be undertaken successfully. This situation will continue for many years to come.

36. III.27 It is essential that a study covering the economic, technical, commercial, aspects of about 10-15 industries, namely, builders hardware, agricultural implements, ghani oil crushing, soap making, electrical goods and accessories, etc. should be made as early as possible. It should yield

valuable results and provide much needed guidance in the introduction of different industries in different areas.

37. III.28 The Small Industries Service Institute is restricted to the state capitals and service is not available in the districts except through a few technical hands employed by the Industries Department which is hardly adequate. In the projects which have shown satisfactory progress, it was found that each project had besides C.P.O. (Industries), Extension Officers (Industries) a number of Village Industries Organisers and experts in the different industries.

38. III.29 Not so much by the achievement of it, but largley by its absence, the projects have highlighted the need for closest possible integration and co-ordination of rural industries programme with the general programmes of village development on the one hand and with the general industrialisation programme on the other.

39. III.30 These pilot projects should become an integral part of the programme of development of small industries in each State under the Third Plan.

40. III.31 The Team has been deliberately a little over critical of these projects as it realises that not merely the prestige of the projects but the future of the entire programme of rural industrialisation is at stake.

41. III.32 The money spent in these projects for the most part has been well spent. The criticism that runs through the assessment of the projects is, therefore, not so much in terms of wasteful expenditure or any inherent failure of the projects themselves, as in the gap between expectations raised (by somewhat ambitious objectives) and actual attainment of the goals.

Chapter IV

THE FUTURE PROGRAMME

42. IV.3 The objective of creating a decentralised structure cannot be achieved if employment opportunities are not provided in thousands of villages in the country.

43. IV.4 The working experience of the 25 pilot projects shows that there were innumerable difficulties

and inordinate delays in securing technical and financial assistance for village and small scale industries schemes located in the rural areas. Villages outside the projects did not have such special dispensation and hence their plight can well be imagined.

44. IV.5 The pilot projects helped in getting the activities to move closer to the rural scene. But this cannot continue to be a matter of pilot programme. It must become not only an extensive programme covering all the blocks, but also become the core of the general programme of the small industries development.

45. IV.7 No objective can be achieved without creating the climate and conditions essential which may be a pre-requisite for success. We say this to stress that acceptance of an individual measure recommended by us here would be meaningless and prove unfruitful if the pre-requisites of success are not adopted, and provided simultaneously.

46. IV.8 In order to achieve the objectives of rural industrialisation (as outlined in the second plan) firm policy decisions have to be taken on the followings:—

(*i*) A definite and substantial part of the resources provided for the development of village and small scale industries should be earmarked for schemes operating in villages with a population less than 5,000.

(*ii*) There should be a minimum programme for each C.D. Block.

(*iii*) Simultaneous long-term measures facilitating the growth of new industries for creating a decentralised structure of society should be initiated on as large a scale as possible.

(*iv*) In the matter of implementation, there should be complete delegation of authority at the operational level.

(*v*) The programme should allow for the maximum contribution and participation of private entrepreneurs and artisans co-operatives.

(*vi*) Further, concentration of industries in cities should be prevented and a wider dispersal of industries ensured.

47. IV.10 Measures to implement the above along with a programme to be undertaken during the third plan are outlined below:

Recommendation No. (1)

During the Third Plan, financial, organisational and technical assistance should be provided to 300 traditional artisans in each block. This assistance should be based on certain criteria for aid.

At least 5 new industrial cooperative societies should be developed in each block, *i.e.* about 25,000 for the 5,000 blocks. Besides Industries Extension Officer for a block, some crafts specialists and other technical hands should be provided depending on local needs to assist Industries Extension Officers. The Block Development Committee may approve the grant of financial and other aids for individual artisans or cooperatives. A sum of Rs. one lakh may be provided for each block for this programme under the Third Plan. For 5,000 blocks, a sum of Rs. 50 crores (loans 25 crores and grants 25 crores) is necessary for organisational, financial and technical aid to rural artisans.

48. IV.11 **Recommendation No. (2)**

It is necessary to give the traditional industries strong technical support. This could be done by providing common facilities centres, where required, employing equipment and techniques which individual artisans or small units cannot afford or by providing improved tools and equipment, electric power and technical know-how and marketing assistance. Such a programme may be taken up in 2,500 blocks. There already exist certain villages in which commercial and industrial activities have tended to develop and take roots. In most of the blocks, one or two such centres can be found. One of these should be selected for establishing a common facility unit. Such a centre may be called a "Rural Industries Centre." The funds provided in the plan for Rural Industries Centre should be placed at the disposal of the Block Development Committee, or Panchayat Samiti. Each Rural Industries Centre should be expected to create opportunities for additional employment for about 100 persons, besides providing technical, marketing and other facilities to traditional industries. 2,500 Rural Industries Centres may be started under Third Plan at

the rate of about 300 in the first year, 500 in the second year, and about 600 each in the third, fourth and fifth years of the Plan. Each such centre should be provided with about 2·5 lakhs for five years. It is estimated that an outlay of about Rs. 35 crores will be required during the Third Plan.

49. IV.12 **Recommendation No. (3)**

There are certain areas in the country where village industries have already reached, more or less, the stage of development which we expect them to obtain in the areas around the Rural Industries Centres. To provide increased employment, it is necessary that industries in such areas should be further developed by the establishment of rural or small Industrial Estates. The direction of the Estate should be entrusted to a Committee or Corporation whose functions should include surveys and prospecting of industrial potential in the area, development of sites, providing built-up space, power, help in drawing plans, construction of factory buildings, procuring finance, raw materials, technical know-how, etc. At the rate of two blocks per district, 600 rural estates may be established in the country during the Third Plan; say 50 in the first year, 100 in the second year, 150 in the third year, fourth year and fifth year of the plan. An outlay of Rs. 15·5 crores is proposed for this purpose.

50. IV.13 **Recommendation No. (4)**

The underlying idea behind the measures, we have recommended is to create conditions of balanced growth of economy where additional employment opportunities are created and dispersed as widely as possible. It is necessary to tone down the further expansion of metropolitan cities and big towns and to provide employment opportunities for the population in a group of villages (say in a block) as close to their present abode as feasible. It is not only employment opportunities which cause the influx of the population to the cities, but also the numerous social amenities which are available in big towns and which are almost completely absent in the remote areas. Even if provision was made for one centre in a block (a group of 100 villages) which could act as a frontier check-post of migration and provide opportunities for local industrial growth, it would be

necessary to have at least 5,000 such check-posts in the country. To be effective, these check-posts must offer both the opportunities of industrial employment as well as social amenities. Establishment of such a network of small townships is obviously a matter of long-term pursuit. It is accordingly suggested that a pilot project may be established in one district in each State during the Third Plan. With the object of building up one small township in every block in the selected districts. In the long run, each Rural Industries Centre would develop sufficient industrial opportunities as well as social amenities to become a small township. In short the suggestion is that in one district, in each State, intensive efforts should be made to achieve in a period of five years (it may even extend to 7 years) a picture of a decentralised structure of society which should develop all over the country over a long period of time.

51. IV.13 A total provision of about Rs. 2 crores may be made for each pilot project district, or a total of Rs. 28 crores during the Third Plan. To ensure integrated and effective development these districts should be identical with those already selected for intensive and comprehensive development of agriculture under the 10-point programme recommended by the Ford Foundation Team.

52. IV.14 **Recommendation No. (5)**

Training Programme

At least 50 artisans in each block should be given training during the Third Plan. A provision of Rs. 30 crores may be provided for this programme.

53. IV.15 **Recommendation No. (6)**

Marketing Facilities

A well-organised network of emporia and sales depots for distribution of goods extending up to block and taluk level is envisaged. Sales Depots will also supply raw materials to industries. As far as possible, composite sales depots are to be set up at each block, or taluk level to avoid duplication and wastage. As the cooperatives grow, the depots can be handed over to them. A provision of Rs. 7 crores is suggested.

54. IV.16 **Recommendation No. (7)**

Rural Electrification

Special attention should be given to extension of electricity to at least the proposed Centres, industrial estates and block-level townships. Small Industrialists and farmers are not in a position to pay for the entire cost of electrification. There is no doubt an element of subsidy by the State is called for in view of the high cost of extending electricity to the villages. On account of the importance of rural electrification, a high-power committee may be appointed by the Ministry of Irrigation & Power to go into the entire question of rural electrification in all its various aspects.

55. IV.17 **Recommendation No. (8)**

Popular Participation

The Government will act in this field as a promotor, initiator and will for most part enable the individual corporations and cooperatives to do the job.

56. IV.18 **Recommendation No. (9)**

Organisation of Artisans

The programme should give full encouragement, assistance and counsel in the organisation of associations, trade unions and cooperatives.

57. IV.19 **Recommendation No. (10)**

Educational Tours

Educational tours for artisans should be organised on the lines conducted for farmers. A provision of Rs. 20 lakhs is proposed.

58. IV.20 **Recommendation No. (11)**

Craft Museums

Regional craft museums may be set up for rural arts and crafts, preferably at the block level.

59. IV.21 **Recommendation No. (12)**

Policy and Research

It is important that the Third Plan should clearly extend the field of reservation or demarcate the sphere of production in regard to industries which are located in the rural areas and/or

considered essential for development for socio-economic reasons. It should be the policy of the Government of India that during the Third Plan, any State Government which expects assistance for hand-pounding of paddy and village oil industry should clearly indicate that. Areas where these industries are promoted should be banned from starting rice hullers and oil expellers respectively. Such a step would avoid waste of money and efforts and also would enable planned development of village industries where they would be really needed. For taking proper policy decisions in such matters, research should also be encouraged. An Action or Research Institute may be established for this purpose.

60. IV.22 **Recommendation No. (13)**

Rural Cell

At the Government level, both at the Centre and in the States, special Rural Cells should be located in the Industries, Ministry and State Departments. These Cells should be practically charged with the responsibility of a watch-dog for implementation of this programme.

61. IV.25 **Summary Estimates**

	Rs. (Crores)
(*i*) 1st Recommendation—Credit for artisans	50·00
(*ii*) 2nd Recommendation—Rural Industrial Centres.	35·00
(*iii*) 3rd Recommendation—600 Rural Estates	15·50
(*iv*) 4th Recommendation—Intensive development of 14 districts.	28·00
(*v*) 5th Recommendation—Training of artisans.	30·00
(*vi*) 6th Recommendation—Marketing.	7·00
(*vii*) 10th Recommendation—Educational tours of artisans.	0·20
TOTAL ..	165·70

62. IV.26 **Conclusion**

An effective system of review of the implementation of this programme should be instituted. The allocations suggested for this programme are not broken down for each sector of small industries as no such breakdown is possiblel.

It is not even desirable because it will mean an arbitrary rigidity in the operation of the programme such as the one that plagued the working of 26 pilot projects in the past. The outlay suggested here will form a part of the total outlay for development of khadi, village and small scale industries during the Third Plan and no attempt should be made to break this programme board-wise.

CHAPTER V

INDUSTRIAL POTENTIAL SURVEYS AND PROGRESS REPORTS

63. V.1 to 3 A long range programme of development in each pilot project area was to be formulated on the basis of a comprehensive investigation of its potentialities. This Industrial Potential Survey was carried out by the four Regional Small Industries Service Institutes in all the 26 pilot projects. Based on the survey, a programme of industrial development was formulated broadly under three heads:

(*i*) Existing industries capable of further expansion;

(*ii*) Existing industries without scope for expansion; and

(*iii*) Selection of new industries.

64. V.4 The implementation of the recommendations of the Industrial Potential Survey would require a total investment of about 126 lakhs for all projects. The most popular industry recommended was builders' hardware. The other important industries were soap-making, fruit and vegetable preservation, electrical goods and accessories, general engineering workshops, agricultural implements, saw mills, foundry, blacksmithy and steel trunk making.

65. V.5 Owing to paucity of funds, States have not been able to implement the recommendations of the Survey Reports which were available with them for the last one year.

66. V.6 One of the principal experience of the Industrial Potential Survey was that a pilot porject area is not a viable unit for this type of survey.

67. V.7 The potential demands of manufactured goods in the project areas did not ultimately prove useful in obtaining reliable estimates of future demand trends.

68. V.8 The industrial survey for a future programme should cover a wider area. Each State may be demarcated into four or five homogeneous regions taking into account the material and manpower resources. For each such region an outline plan should be prepared in the first instance on the basis of all available information. The information from the existing sources should be supplemented by a general enquiry about the demand for manufactured articles within the region. This can be quickly assessed through an enquiry of the concerned officials, non-officials and trade associations.

69. V.9 & 10 The outline plan for a region will indicate existing and prospective village and small scale industries which can take root and flourish in the region. Each block may be given the specific job of examining the extent to which industries listed in the outline plan can be introduced, or developed in the block with advantage. For planning the location of these Industries, only there may be a limited survey which should go into the details of working of a few selected units in the block. This task can easily be undertaken by the Block staff.

70. V.10 The results of surveys in the various blocks within a region should be pooled together and priorities determined for the types of industries to be set up and developed in each block. The programme for each block should be an integral part of the overall industrial development programme for the entire region.

V.II—PROGRESS REPORTS

71. V.12 to 15 A critical examination of the Progress Reports from the projects has revealed a large number of discrepancies, and inaccuracies in the data furnished. These can be traced either to a misunderstanding of concepts and definitions of terms used or to the inherent difficulty in obtaining reliable information on the specified items.

The quarterly progress report on industries programme should only deal with details of : (*a*) expenditure on the programme; (*b*) training imparted; (*c*) transactions of the industrial co-operatives and other institutions dealing with the programme; and (*d*) physical achievements of a few selected items which are of general

applicability and interest. The annual progress report should give a more detailed analysis of the working of training programmes, industrial cooperatives and other institutions and contain a critical appraisal of the impact of the various industrial schemes in terms of employment and production.

APPENDIX I

Sl. No.	Name of the Project	Date of visit	Members visited
1.	Ramanagram (Mysore)	26-7-59	1. Sh. S.D. Misra, 2. Sh. L.C. Jain, 3. Sh. V.R. Rao, 4. Sh. P.M. Mathai.
2.	Gobe-Erode (Madras)	27-7-59	1. Sh. S.D. Misra, 2. Sh. L.C. Jain, 3. Sh. V.R. Rao, 4. Sh. P.M. Mathai.
	Madras .. .. (Meeting at State headquarters)	5-9-59	1. Sh. S.D. Misra, 2. Sh. P.M. Mathai.
3.	Alipur (Delhi)	20-8-59	1. Sh. S.D. Misra, 2. Sh. Abid Hussain, 3. Dr. P.C. Alexander, 4. Sh. P.M. Mathai.
4. 5.	Dabra (Madhya Pradesh Sehore (Madhya Pradesh ..	23—25-8-59	1. Sh. S.D. Misra, 2. Sh. P.M. Mathai.
6.	Sanganer (Rajasthan)	27—28-8-59	1. Sh. L.C. Jain, 2. Sh. M. Butt, 3. Sh. V.R. Rao.
7.	Baruipur (West Bengal)	28—29-8-59	1. Sh. R. Srinivasan, 2. Sh. Anil De, 3. Sh. Abid Hussain.
8.	Neyyattinkara (Kerala)	3—4-9-59	1. Sh. S.D. Misra, 2. Dr. P.C. Alexander, 3. Sh. P.M. Mathai.
9.	Bombay (Amravati)	23-9-59	1. Sh. S.D. Misra, 2. Sh. R. Srinivasan.
10.	Manavadar-Vanthali (Bombay) ..	25—26-9-59	1. Sh. S.D. Misra, 2. Sh. R. Srinivasan.
11.	Kakinada (Andhra Pradesh) ..	18 & 21-10-59	1. Sh. S.D. Misra, 2. Sh. V.R. Rao, 3. Sh. R. Srinivasan, 4. Sh. M. Butt.
12.	Bihar Sharif (Bihar)	11—12-11-59	1. Sh. S.D. Misra, 2. Sh. R. Srinivasan.

APPENDIX II

No. CPA/CI&C/112/55-Prg.

GOVERNMENT OF INDIA

COMMUNITY PROJECTS ADMINISTRATION

New Delhi, May 27, 1955.

To

The Development Commissioners/
Directors of Community Projects,
(All State Governments except
Coorg and N.E.F.A.)

SIR,

The Development Commissioners' Conference held on 9th, 10th, 11th and 12th May, 1955 at Simla recommended the initiation of a programme of 25 pilot intensive development projects in States for intensive development of cottage and small scale industries. The Government of India, as you know, attach the utmost importance to this sector of rural programme so that unemployment problem is tackled properly in the Second Five Year Plan. The Government of India have accepted the recommendation of the Development Commissioners' Conference and they attach the greatest possible importance to the proper selection of the areas for the pilot projects, the staff, the training of the staff and the contents of the programme which the staff will be charged to implement.

Selection of Areas.—The Government of India feel that the areas should be selected having due regard to resources available in material and local skill, existence of communications and transport and also the area not being a depressed agricultural area, as the fruitful growth of cottage and small scale industries can take place more easily in areas which are advanced agriculturally, other factors being equal. A list of areas based on these criteria has been prepared in this Administration from the information available here as a result of visits of Community Projects Administration offices and the reports of State Governments. This list (Appendix I) may be acceptable to the State Governments. In case the State Governments prefer some other areas which are considered more suitable according to the criteria suggested above, there will be no difficulty to effect the necessary change and substitute the area chosen by the State Government for the area suggested by us. It is requested that any change desired may be communicated to the Community Projects Administration (Shri P.M. Mathai) on or before 15th June, 1955.

Selection of Industries Officers.—One Community Project Officers (Industries) should be appointed for each area. In order that he may fit in to the pattern of District Administration, it is suggested that he might be of the rank and status more or less of the Project Executive Officer. The selection may be made by a committee presided over by the Development Commissioner, with the Director of Industries, Joint Director (Industries), Registrar of Cooperative Societies and Regional Director (Ministry of Commerce & Industry) or his nominee, as members. The finances for meeting his salary and of his personal staff ,*viz.*, a Stenographer and a peon, will be provided by the Ministry of Commerce & Industry for three years, but he will be borne on the State cadre. Suitable junior I.A.S. Officers, if available, may be considered for the post. If recruitment is made in the open market, candidates with basic technical qualification may be selected, but candidates who are selected from services need not possess technical qualification so long as they possess ability for organisation. A panel of three names selected in the order of preference by the committee should be sent to Shri Govindan Nair, I.C.S., Joint Secretary, Ministry of Commerce & Industry, with copy to the Community Projects Administration, for final selection of the Community Project Officer (Industries) by the Ministry. The panel of names selected by the State Government should reach the Ministry on or before 15th July, 1955.

Training.—The officer thus appointed will undergo a two months' training in Bombay to be arranged by the Ministry of Commerce & Industry, after he has completed a pre-service training in the Community Project Area selected for intensive development, for a period of one month, thus making the total period of training three months. The Ministry of Commerce & Industry will communicate to State Governments the final selection by the first week of August so that the officer appointed could join the pre-service training at the Pilot Project Area for a month from 15th of August, 1955. The training in Bombay will be started by about the 15th of September, 1955. The Ministry of Commerce & Industry are writing to the State Governments in detail about the proposed two months' training at Bombay to be carried out in collaboration with the All India Boards, *e.g.*, All India Khadi and Village Industries Board, Small Scale Industries Board and the All India Handloom Board.

Transport.—It is considered necessary that the Community Project Officer (Industries) should be provided with a jeep. For immediate use the Development Commissioner is requested to place a jeep at the disposal of this officer. In the meanwhile, the Ministry of Commerce & Industry is considering the possibility of making available a jeep per Project. This is likely to take time.

Administrative Control.—The Community Project Officer (Industries) will be under the direct control of the Development Commissioner but his headquarters will be in the Pilot Project Area, as part of the Community Project headquarters. The Development Commissioner will no doubt ensure that the necessary residential quarters are also made available to the Industries Officer as soon as he joins duty so that he will be in a position to concentrate on the work entrusted to him.

Content of Programme.—Planning of the intensive development of industries in the Pilot Project will be done by this Industries Officer with the assistance of the Regional Director (Small Scale Industries) and other Regional or local representatives of the All India Boards and the Director/Joint Director of Industries of the State, to all of whom separate instructions are being issued by the Ministry of Commerce & Industry. The Community Project Officer (Industries) could particularly draw upon the resources of the Regional Small Industries Service Institutes in planning the Pilot Projects. A guide giving suggestions about the planning of the Intensive Development Blocks is attached (Appendix II).

Finance.—To start with, the unspent amount under the Cottage Industries Programme of Community Projects will be available. Additional funds, if required, based on schemes prepared for the Intensive Development Area will be provided by the Ministry of Commerce & Industry. These schemes, as and when prepared in consultation with the Regional or local representatives of the All India Boards and the Director of Industries of the State, should be sent to the Secretary of the Board concerned or the Director of Industries, etc. of the State Government as the case may be. A copy should also be sent direct to the Ministry of Commerce & Industry (Under Secretary, Dr. A. S. Sharma) by the Development Commissioner.

It is hoped that the State Governments will attach the greatest importance to this vital programme and take immediate action for the selection of areas, selection of Community Project Officer (Industries), his training and also take such other action as may be necessary in order to ensure its success.

Yours faithfully,
(Sd.) KRISHAN CHAND
Deputy Secretary

COPY TO:—

(1) Ministry of Commerce & Industry (Shri P. Govindan Nair, I.C.S.).

(2) Planning Commission.

(Sd.) KRISHAN CHAND
Deputy Secretary

ANNEXURE I

LIST OF COMMUNITY PROJECTS SELECTED AS PILOT AREAS FOR DEVELOPMENT OF COTTAGE AND SMALL SCALE INDUSTRIES

1.	Andhra	East Godavari (Kakinada-Peddapuram).
2.	Assam	Darrang District (Mouzas-Dakua-Harisings-Ambagaon-Barsila har-Orang-Dkokiajuli Tehsils).
3.	Bihar	Bihar Ekangarsarai Barbigha Project.
4.	Bombay	Kolhapur District (Karneer-Panhala Tehsils).
5.	Madhya Pradesh	Amravati-Morsi-Daryapur.
6.	Madras	Coimbatore (Gobe-Erode-Bhavani-Dharampuram Tehsils).
7.	Orissa	Ganjam District (Russelkonda).
8.	Punjab	Gurdaspur District (Batala Tehsil).
9.	Uttar Pradesh	Deoband District Saharanpur.
10.	West Bengal	Baruipur Block.
11.	Hyderabad	Mulug Block.
12.	Madhya Bharat	Gird District (Ghategaon-Pichhore Tehsils).
13.	Mysore	Ramanagram-*cum*-Kanakapura *Taluks* (Bangalore District).
14.	Pepsu	Dhuri Tehsil.
15.	Rajasthan	Sanganer Block.
16.	Saurashtra	Sorath District (Manavadar-Vanthali Tehsils).
17.	Travancore-Cochin.	Neyyattinkara-Vilavancode Area (Trivandrum District).
18.	Ajmer	Ajmer Sub-Division.
19.	Bhopal	Sehore and Raisen District (Goharganj-Huzoor-Sehore Ichhawar Tehsils).
20.	Delhi	Alipur Area.
21.	Kutch	Nukhatrana-Bhuj Tehsils.
22.	Manipur	Thoubal Tehsil Area.
23.	Tripura	Nutanhaveli and Old Agartala.
24.	Vindhya Pradesh	Parts of Nagod and Raghuraj Tehsils (Satna District).
25.	Jammu & Kashmir	Badgaum Block (Srinagar).
26.	Himachal Pradesh	Kunihar & Bahl Blocks (Kunihar-Mahasu District).

ANNEXURE II

Guide for promoting an Intensive Development Block (Small Scale Industries)

1. One Community Development Project comprising of about 300 villages may be selected as an Intensive area for development of cottage and small scale industries for providing maximum employment.

2. Cottage and Small Scale Industries may be roughly classified as follows:—

(*i*) Khadi and Village Industries catering normally to a limited local market. A list of Village Industries is given below;

(*ii*) The Handloom Industry;

(*iii*) Handicrafts which have a special artistic value; and

(*iv*) All other Cottage and Small Scale Industries.

The Central Government have set up Boards for industries covering all the above categories and funds are made available through the medium of the Boards for approved Schemes. These Boards have also laid down the principles on which Schemes should be framed and the quantum of financial assistance that would be given for such Schemes. Except in the case of Khadi and Village Industries, at present the funds are sanctioned to the State Governments who are entrusted with the implementation of the Schemes. In the case of Khadi and Village Industries, the All India Khadi and Village Industries Board operate these Schemes direct through their own organisation.

3. *Immediate Programme.*—It is suggested that as an immediate programme following a preliminary survey, schemes should be framed with the assistance of the Regional Organisations of the Boards covering as many of these types of industries as are feasible. These would be in accordance with the pattern already laid down by the Boards and would be financed either from the funds already sanctioned to the Boards or from fresh funds that would be sanctioned by the Ministry of Commerce & Industry, where necessary, for this purpose.

4. At the same time, measures should be initiated for a long-term programme on the following lines:—

(*i*) *Organisation.*—Each Project may be divided into 15 groups of about 20 villages. A committee may be set up for each group of 20 villages in order to plan and assist in the programme of promoting cottage and small scale industries. These sub-area Committees should help in investigation, planning, mobilising the enthusiasm of the people, channelising resources, as far as possible both in terms of money and man-power, etc.

There shall be a committee at the Project level also for the 300 villages which will co-ordinate the activities of the 15 sub-areas and also to make out the overall plan etc. These Committee members may be nominated and selected in order to include representatives as well as talent.

(*ii*) *Investigations.*—In order to draw up a blue-print for development of cottage and small scale industries to provide maximum employment, the first step is to collect the following information in regard to the Project selected:—

(*a*) A census of the age groups of the population both for men and women in the Project should be taken.

(*b*) Employment census also may be taken as under :

(1) Persons fully employed;

(2) Persons unemployed; and

(3) Persons under-employed or semi-employed.

Investigators may specially enquire about the aptitude of the people and the type of work they are likely to take up with interest.

(*c*) Besides getting information about man-power available, information also should be collected about the resources available, *viz.*, the following:—

(1) Materials

(2) Power: Electric, bullock, etc.

(3) Water

(4) Fuel

(5) Surplus agricultural produce exported

(6) Communication available

(7) Proximity of markets.

(*iii*) Information also may be collected about the type of consumer goods that are imported to the area like cycle parts, sewing machine parts, cloth, stationery, building materials, etc. which can be manufactured by small scale industries.

(*iv*) Attention should also be paid to the new communications or road activities likely to come up and the people who are likely to be employed on such jobs.

(*v*) Information should also be collected about the types of buildings existing and the likely future activities in the construction of buildings. From the employment point of view particularly, a bold programme of housing in the rural area is considered necessary.

5. *Planning.*—After all this information is collected, it is possible to have data on:—

(*a*) Resources available in the shape of man-power, materials, fuel, water, power, surplus agricultural produce, etc.

(*b*) Consumer goods imported to the area and also in nearby markets.

(*c*) Agricultural produce and raw materials exported from the area.

Schemes for industries suitable for the area would be worked out, depending on resources available and the market for goods, either locally or on a regional basis.

6. It is emphasised once again that the immediate action programme outlined in para 2 above should not await completion of the long-term investigations envisaged above.

APPENDIX III

No. 9(1)/57-Prg.

GOVERNMENT OF INDIA

MINISTRY OF COMMUNITY DEVELOPMENT

New Delhi, October 8, 1957.

To

The Development Commissioners,

(All State Governments).

SUBJECT:—*Pilot Projects (Cottage and Small Scale Industries)—Problems to be studied.*

SIR,

Please refer to our letter No. 9(1)/57-Prg., dated the 11th May, 1957 wherein a list of problems to be studied in the Pilot Projects was circulated. The first set of reports regarding these are expected from you early in October, 1957.

2. We have since analysed the problems further with a view to broadly indicating a suggestive approach to each of them. A copy of this analysis is attached for use by the project personnel.

3. It may be useful to reiterate that most of these problems would need a continuous study over a period of time. One and a half years of the working of pilot project may not provide sufficient experience to enable formulation of specific policies. As such the report to be sent early in October is to be treated only as the first one to be followed by subsequent periodical reports. The first set of these reports will be considered at the next seminar on Village Industries, Rural Housing and Industrial Cooperatives proposed to be held at Coimbatore from the 9th to the 11th of February, 1958.

Yours faithfully,

(Sd.) A. S. NAIK,

Joint Secretary to the Government of India

Suggestions to Help Study of the Problems in the Pilot Projects

Industrial Cooperatives

Problem No. 1(*a*).

Is there any resistance to joining such organisations (*i*) on the part of newly trained artisans and (*ii*) on the part of old artisans? If so, what is this due to and how can it be overcome?

In order to study this problem, the following questions may be proposed in respect of each individual industry:

(1) What was the motivation behind the organisation of industrial cooperatives?

(*i*) Economic:

(a) Profit motive.

(*b*) Facilities of raw materials at cheap rates?

(*c*) Common Service facilities.

(*d*) Common marketing arrangement?

(*e*) Technical assistance.

(*ii*) Social.

(*iii*) Socio-economic.

(2) Enlistment of Members:

(*a*) What extension or educational methods were adopted to enlist members?

(*b*) How many persons were approached for membership during the period of the existence of the project?

(*c*) (*i*) Newly trained artisans.

(*ii*) Traditional artisans.

(*iii*) Non-artisans.

(*d*) How many from each group joined the Industrial cooperatives?

(*i*) Newly trained artisans.

(*ii*) Traditional artisans.

(*iii*) Non-artisans.

(*e*) Has the membership progressively increased?

(*i*) Newly trained artisans.

(*ii*) Traditional artisans.

(*iii*) Non-artisans.

Give reasons for this increase.

(*f*) Has the membership progressively decreased ? If so, in which group and in what proportion ?

(*i*) Newly trained artisans.

(*ii*) Traditional artisans.

(*iii*) Non-artisans.

(3) What could be the possible reasons for resistance to joining industrial cooperatives ?

(Mark items in decreasing order of importance).

(*a*) Lack of understanding of the principles of cooperation.

(*b*) Mutual distrust and suspicion.

(*c*) Lack of organisational ability and genuine leadership.

(*d*) Lack of trained supervisory staff.

(*e*) Lack of technical know-how.

(*f*) Unprofitable working of the existing cooperatives.

(*g*) Any other reasons (specify).

Problem No. 1(*b*).

What are the difficulties which Industrial Cooperatives in the Pilot Project have run into ? What are the lessons to be learnt from this state of things ? Can new Societies avoid getting into such difficulties and if so, how ? How can the existing difficulties be overcome and these Societies made to run efficiently ?

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(1) In order to study this problem, it will have to be found out as to how many industrial cooperatives are running :—

(*a*) At a profit.

(*b*) At a loss.

(*c*) At no profit no loss basis.

(2) The following may be some of the difficulties which may be examined:—

(*a*) Lack of facilities for education.

(*b*) Dearth of finance.

(*c*) Shortage of technical personnel.

(*d*) Inadequate supply of tools and equipment.

(*e*) Lack of proper facilities for maintenance of tools and equipment.

(*f*) Inadequate arrangements for disposal of finished goods.

(*g*) Improper accounting system—

(*i*) Due to inadequacy of staff.

(*ii*) Due to lack of proper supervision and guidance.

(*h*) Poor management.

(*i*) Inadequate credit and banking facilities.

(*j*) Transport difficulties.

(*k*) Location of workshop at wrong site.

(*l*) Any other difficulties.

(3) How can these difficulties be remedied in the existing cooperatives and avoid so far as new societies are concerned? What major inferences can be drawn from the above difficulties?

Problem No. 1(*c*).

What are the limits of cooperation in the field of industrial cooperation?

Under this head, taking a few important industries, it may be specified whether cooperation could be extended to any of all of the following aspects of production programme :

(*a*) Procurement of raw materials.

(*b*) Actual production work, all or any of the operations.

(*c*) Marketing.

(*d*) Common facilities services.

Taking each article of production in the project, has industrial cooperation led to more efficiency in production, more assured income for the artisans, than individual production? Is cooperation a means or an end? If it is a means only, what is the optimum quantity of cooperation for each Industry in the Project?

The following may be studied in respect of one or two articles of production :

Individual production. Industrial Cooperatives.

(*a*) Capital to investment ratio.

(*b*) Capital to output ratio.

(*c*) Cost to output ratio.

(*d*) Average income of an artisan.

Problem No. 1(*d*).

(*i*) What is the composition of membership of industrial cooperatives?

(*ii*) What is the percentage of actual workers who are members?

(*iii*) Who are the office-bearers?

(*iv*) How many non-workers held office in the cooperatives?

Problem No. 1(*e*).

Have the capitalists and entrepreneurs been admitted as shareholders? What is their number, share contribution and percentage to the total share capital?

The following points need to be studied :

(*a*) taking total figures (or in the alternative a few samples)—What is the composition of the membership :

(*i*) Total number of members.

(*ii*) Workers.

(*iii*) Non-workers :

(1) Financiers.

(2) Entrepreneurs.

(3) Any other.

(*b*) Number of office-bearers :

(*i*) Workers.

(*ii*) Non-workers :

(*a*) Financiers.

(*b*) Entrepreneurs.

(*c*) Any other.

(*c*) Share capital held by :

(*i*) Workers.

(*ii*) Non-workers :

(*a*) Financiers.

(*b*) Entrepreneurs.

(*c*) Any other.

(2) What are the main functions which are being performed by non-members ?

(*a*) Organisational.

(*b*) Financial transactions.

(*c*) Technical supervision.

(*d*) Management.

(*e*) Salesmanship.

(3) What are the potentialities of the members taking up the work which is at present held by non-members ? If the potentialities are there, what kind of a training programme may be instituted to enable them members to undertake this ?

Production-cum-Training Centres

Problem No. 2(*a*).

Is it better to run the production and training units separately or together ?

In the past emphasis had been laid on the starting of Production-*cum*-Training Centres for introduction of new skills in the rural areas. It has been felt in some quarters that the combining of the production work with training has greatly affected the efficacy of the training programme. It is, therefore, necessary to have a critical study to either substantiate this point to contradict it. In pilot projects where both types of institutions exist, namely, purely training centres and Training-*cum*-Production Centres, it would be somewhat easy to compare their achievements.

But in such of the projects where there are Training-*cum*-Production Centres only, it will have to be studied as to what extent they have been successful. While considering their efficacy, the following points may possibly be kept in view:—

(*i*) To what extent has the training imparted given confidence to the artisans for self-employment ?

(*ii*) To what extent can the equipment be utilised to its full capacity in either case ?

(*iii*) The availability of trained personnel for supervisory or teaching jobs is limited and as such, to what extent they would be fully utilised in either case ?

(*iv*) The extent to which the production programme in these centres has actually improved the training and made it practical and realistic.

(*v*) Financial aspect of the proposition.

A short note may be prepared bringing out specific preference of one or the other.

Problem No. 2(*b*).

What is the scope for the working of such centres as a means of (*i*) enabling the spread of industrial and mechanical talent, and (*ii*) increasing production in particular industries ?

The intention in posing this problem is to find the impact of the Training-*cum*-Production Centres in two directions, namely, the extension of technical knowledge, and the increase in employment and production. For this purpose the following will need to be studied:—

(*i*) How many artisans have been trained by the Production-*cum*-Training Centres ?

(*ii*) How many of them have started work on their own ?

(*iii*) How many of them have otherwise been engaged as wage earners in the particular industry for which Training-*cum*-Production Centres have been opened ? To what extent can this increase be attributed to these centres ?

Problem No. 2(*c*).

Do any of the Production Centres run at a loss and if so what are the reasons ? What can be done to remove such factors and to enable the Centres to run at a profit ?

In most of these Training-*cum*-Production Centres separate accounts are not being maintained for production work from which actual costs could be worked out. Costing of the items of production is mostly based on estimated figures. It would be worthwhile finding out actual costs in one or two cases which should take into account the actual raw materials consumed, direct labour engaged in the manufacture (even) if trainees work on this, the labour should be calculated at an estimated rate for each trainee and actual overheads which should include the rent of buildings, supervisory charges, electricity, water and miscellaneous contingent expenditure, etc. These actual costs should then be compared with the cost at which the goods are being supplied, and then reasons for difference, if any, found out. The production work in the training centre should act as demonstrations, of an efficient production unit for the trainees. It is to be established whether it is actually serving that purpose or whether it is giving a demonstration of how a production centre ought not to be run.

Problem No. 3(*a*).

It is essential to encourage increased consumption of village industries products in the neighbourhood of production. Marketing is the biggest stumbling block in the spread of village industries and increase in local consumption will help greatly in this respect. The main difficulties that will be encountered in increasing local consumption are: (*a*) quality, (*b*) Price, when a comparison is made of the products of village industries and products of factories brought into the local area for consumption. Can such consumer preferences be overcome (*i*) by appealing to local sentiment, (*ii*) by barter arrangements, and (*iii*) in any other way ?

To find out an answer to this problem, it will be necessary to first compare for some of the important items of local consumption, the quality and price of the village industries products and the factory production. Instances where in spite of the difference, the demand for village industries in the villages has increased may be quoted along with possible reasons for such an increase. Cases of any village exchange system introduced in the project barter system may also be indicated. Attempts if any, made at influencing the people to consume local products in spite of difference in quality and price would also be useful along with results thereon.

Problem No. 3(*b*).

How far people's participation could be mobilised in promoting markets locally for cottage and small scale industries' products ? What are the ways and means to make the people feel it obligatory to buy things produced locally in order to assist cottage industries and to provide additional opportunities of employment to the underemployed and unemployed of the area ?

Under this heading may be indicated incentives if any, that have been created or could be created to induce people to buy local products. Would it be possible to run emporia by the local Cooperative Society or Village Panchayat where the products of local village industries can be sold ?

Problem No. 4(*a*).

Government aid being given to Village Industries and Small Scale Industries in a number of ways, and to a varying extent for the different industries. Could it be possible to test the combined effect of all possible government aid, to say a few selected industries in the Project ? The kind of government assistance provided at present includes :—

(*a*) Training of artisans.

(*b*) Financing an artisan to set himself up in business.

(*c*) Laying out Industrial Estates for occupation by Artisans/Small Entrepreneurs.

(*d*) Supply of equipment needed for setting up the industry, through Government Agencies.

(*e*) Subsidy on the use of electric power.

(*f*) Supply of designs and patterns.

(*g*) Quality control of products.

(*h*) Government purchase of all quantities of the products offered (*i*) for government consumption, and (*ii*) for sale in Government Emporium.

(*i*) Provision of repair and service facilities.

(*j*) Provision of common facility centres.

As enumerated in the problem there are a number of directions in which Government aid could be made available to a particular class provided only in one or two forms. The idea is now to find out as to the combined effect of all possible aid to a given industry. For this purpose a few industries in a pilot project, say two, one in the field of village industries and the other in the field of small scale industries, may be specifically selected and efforts made to get the artisans engaged in it. The combined effect of all possible Government aid over a period of time, say one year, should be observed in terms of:—

(*a*) net increase in industrial production.

(*b*) increase in employment.

(*c*) increase in capital investment.

(*d*) increase in the average income of the artisan.

Problem No. 4(b).

The quantum of subsidies being given for various cottage and small industries should be studied with a view to find out whether they are adequate or not.

Here again two or three industries may be selected out of the village industries sector, *e.g.*, tanning, bonemeal, village oil, hand-pounding of rice, soap making, etc. and any *ad hoc* study made of the effect produced by the subsidies being granted by the Government with a view to ascertain whether these subsidies are adequate in respect of

(*a*) inducement provided by them for increased production,

(*b*) bringing the cost of production at par with factory production,

(*c*) increase in the earnings of the artisans.

If subsidies are found to be ineffective an attempt may be made to find out the possible reasons as also suggested remedies.

Utilisation of Increased Income

Problem No. 5.

It will be useful if experiments can be made on the optimum utilisation of earnings made in new industries in the project (or by improved existing industry). Artisans in many industries must be earning good income as a result of the Pilot Project. How are they spending the additional income. How far will we succeed if we make a deliberate effort to get the additional income

spent on items like (a) buildings one's own house, or if the artisan owns a house already, making additions to it, (*b*) introducing labour saving devices in the home, (*c*) introducing art and bearty in the home, (*d*) persuading the artisans to acquire for himself and his family more education, (*e*) persuading the artisans to join local institutions, (*f*) persuading the artisans to spend more money on recreation such as excursions, picnics, musical concerts, etc.

An enquiry might be conducted in respect of say, half a dozen selected families in different trades by a personal interview to ascertain

(*a*) the increase in their earnings during the last one year,

(*b*) major items on which expenditure has been incurred as a result of increased earnings.

Any attempts that might have been made to channelise the additional purchasing power may also be indicated.

Training and Employment

Problem No. 6.

What has been the experience with training programmes for craftsmen and industrial workmen generally ? Have trainees in the pilot projects found work on conclusion of their training, or have they gone into production, of their own or have they remained unemployed ? What circumstances seem to determine the success or failure in this respect ? What conditions are necessary for obtaining best results for such programme ?

A tabular statement indicating the position in respect of a number of artisans trained in the various training centres in the pilot projects may be given. In certain cases it has been found that a large number of trainees have not been taken up to the trade after the completion of the training. An attempt may be made to find out the reasons for this. The possible reasons may be :—.

(*a*) Lack of technical competence on the part of the trained artisan to take up the work on his own.

(*b*) The scope of the industry in which he was trained may be limited in the area or, in other words, more persons have been trained than could actually be absorbed.

(*c*) Lack of financial assistance to the artisan to settle down in the trade.

(*d*) Lack of other facilities, *e.g.* equipment etc. for starting work.

(*e*) Uncongenial atmosphere due to certain social customs.

(*f*) Lack of organisational support for getting supplies, technical assistance etc.

(*g*) Lack of arrangements to market finished products.

(*h*) Any other reason.

Problem No. 7(*a*).

It will be useful if a study could be made to find out how quickly an artisan working according to the traditional methods can be induced to accept all the

improvement advocated by the Government for his craft. Such experiments may be laid out for (*a*) weaver, (*b*) cobbler, (*c*) carpenter, (*d*) blacksmith, (*e*) potter, etc.

Probably the project staff would not be in full possession of information about all the improvements that could be effected in any particular trade. For the purpose of this study they may, therefore, take up only a few major improvements which are being extended in the pilot projects and then find out in respect of few artisans as to the time it might have taken to induce them to accept those improvements. This, however, will have to be related to the facilities offered by the project staff to enable the artisans to adopt the improved methods by way of supply of improved equipment raw materials etc.

Problem No. 7(b).

Does experience show that a traditional blacksmith could readily and successfully be trained to make repairs to Diesel pumps and improved agricultural implements and other types of modern equipment. When they acquire these new skills, do they find enough work in the project areas to make it worth their while ?

This problem is to be answered in such cases where an attempt has been made to train local blacksmiths in the repairs of pumps etc. Where it has not been done it may be ascertained whether there is a possibility of providing enough work for traditional blacksmith in the repairs of implements, pumps, etc.

Problem No. 8(a).

Do common facility centres designed to do service for small industries work successfully to the service of artisans ?

A small note indicating the trade and the nature of common facility centre along with the service that it has rendered so far may be given.

Problem No. 8(b).

What has been the experience with mobile demonstration vans as means of stimulating development of small industry in the pilot areas and what techniques for the use of such vans are to be recommended ?

A general feeling in respect of these mobile vans has been that their period of stay at a place is very short and the period after which the van comes again to the same place is very long. Any experience in regard to this may be indicated in addition to any other observations that may be made regarding the better use of these mobile vans. Should the mobile vans take up service activities such as sharpening of tools, welding electro-plating, etc.

Problem No. 9.

What kinds of people have proved to be promising sources of successful entrepreneurs and what techniques have helped to stimulate these people to undertake entrepreneurial activity in the field of small industries ?

The persons who have been successful entrepreneurs may be classified under the following heads :—

(*a*) Professional background—agriculturists, businessmen, artisans, etc.

(*b*) Educational background.

(*c*) Financial status.

House Building as an Impetus to Cottage Industries

Problem No. 10.

Where a programme of rehousing and rebuilding of villages has been put into effect, has this in practice resulted in expansion of small industries in supplying building equipment and materials, builders hardware, etc. ? What lessons can be drawn from any experience had thus far, about the ways in which such rehousing and rebuilding programme might be linked with efforts at village industrial development ?

In two or three sample villages where there has been a sizeable programme of construction activities, the following might be ascertained :—

(*a*) the total cost of the construction activities.

(*b*) total value of important materials of construction :

- (*a*) Joinery.
- (*b*) Iron-mongry.
- (*c*) Bricks.
- (*d*) Tiles.
- (*e*) Furniture.
- (*f*) Other articles.

(*c*) In respect of each of these articles the purchases made :

- (*a*) out of the products of the village.
- (*b*) products of the block area.
- (*c*) products from outside.
- (*d*) Whether additional requirements of the building materials have not been met by the products from the large industries.
- (*e*) Number of man-days engaged in the construction activities.

Economics of Village Industries

Problem No. 11.

Type schemes introduced in pilot project areas should be tested from the point of view of their economics and workability.

Two or three type project areas should be tested from the point of view of their economics and workability.

Two or three types schemes introduced in the pilot project areas as per pattern recommended either by the Boards or the Ministry of Commerce & Industry may be studied for this purpose.

Problem No. 12.

Employment investment ratio in the main cottage and small industries should be studied and especially the earning levels in each industry.

For this purpose the following industries may be selected :—

- (*a*) Blacksmithy.
- (*b*) Carpentry.

(*c*) Tannery.

(*d*) Brick making and tile making.

(*e*) Leather including shoe making

(*f*) Spinning.

(*g*) Traditional and Ambar Charkha.

(*h*) Weaving.

(*i*) Bee-keeping.

(*j*) Soap making.

(*k*) Handicrafts.

(*l*) Village Oil.

(*m*) Hand pounding of rice.

For this purpose the investment should include not only the Government assistance but also the investment made by the individual or any other source.

Problem No. 13.

Demand analysis should be made for as many major products as possible.

The demand analysis, if possible, may be made for, say, two products of daily consumption.

Problem No. 14.

A survey of persons from castes other than the traditional caste who have taken training and started production in a particular industry should be conducted.

For this purpose, any or all of the industries—like tanning, leather work, bee-keeping, pottery and Ambar Charkha may be selected.

APPENDIX IV

Coverage and Staff in Position

State	Project	No. of villages	Area in sq. miles	Population ('000)	Staff in position: Community project officer (Industries)	Staff in position: Extension officer (Industries)	Staff in position: Other supervisory staff
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Andhra Pradesh	Kakinada Peddapuram	247	562	697	1	5	—
,,	Mulug	54	282	44	1	1	4
Assam	Darrang	752	781	227	1	2	—
Bihar	Bihar Sharif	366	302	423	1	1	20
Bombay	Kolhapur	251	563	441	1	3	—
	Amravati	524	1,500	280	1	3	—
	Manavadar-Vanthali	159	601	192	1	2	—
	Bhuj-Nakhatrana	403	2,393	240	1	3	1
Kerala	Neyyattinkara	20	212	349	1	3	39
Madhya Pradesh	Dabra	337	739	136	1	2	1
	Sehore	772	1,558	184	1	2	4
	Sohawal	164	205	76	1	2	4

Madras	Gobe-Erode	217	774	626	1	7	33
Mysore	Ramanagram	405	833	262	1	3	—
Orissa	Russelkonda	467	821	223	1	2	—
Punjab	Batala	487	472	339	1	2	3
	Dhuri Malerkotla	378	646	326	1	4	—
Rajasthan	Sanganer	555	726	173	1	3	—
	Pisangan	213	861	165	1	1	3
Uttar Pradesh	Deoband	153	127	104	1	3	2
West Bengal	Baruipur	157	90	123	1	3	21
Delhi	Alipur	115	186	122	1	2	4
Himachal Pradesh	Kunihar Bahl	5,026	1,625	468	1	6	—
Tripura	Nutan Haveli & Old Agartala	118	166	104	1	1	1
Manipur	Thoubal	300	129	138	1	—	10
Total		12,640	17,154	6,462	25	66	150

Note.—Pilot Project Anantnag (Jammu & Kashmir) has not yet been started.

APPENDIX IV—*contd.*

Cumulative Expenditure (according to agencies and projects)

(in '000 rupees)

Pilot Project	Khadi & Village Industries Commission	All India Handloom Board	Small Scale Industries Board	Central Silk Board	All India Handicrafts Board	Others	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Kakinada Peddapuram	954	322	473	—	—	456	2,205
2. Mulug	74	14	79	28	—	27	222
3. Darrang	22	—	141	—	—	110	273
4. Bihar Sharif	345	—	—	—	—	2,531	2,876
5. Kolhapur	256	91	50	—	23	167	587
6. Amravati	158	55	134	—	22	58	427
7. Manavadar-Vanthali	379	277	—	—	—	798	1,454
8. Bhuj-Nakhatrana	202	76	—	—	24	200	502
9. Neyyattinkara	358	1,505	2,748	N.A.	14	N.A.	4,625
10. Dabra	N.A.	N.A.	N.A.	N.A.	N.A.	124	124
11. Sehore	N.A.	N.A.	N.A.	N.A.	N.A.	484	484
12. Sohawal	N.A.	16	N.A.	N.A.	N.A.	88	104

13. Gobe-Erode	280	271	838	—	27	356	1,772
14. Ramanagram	217	15	15	92	17	99	455
15. Russelkonda	210	59	N.A.	N.A.	11	N.A.	280
16. Batala	90	125	N.A.	N.A.	N.A.	N.A.	215
17. Dhuri Malerkotla	468	103	154	N.A.	N.A.	304	1,029
18. Sanganer	450	106	111	N.A.	26	158	851
19. Pisangan	321	38	217	—	—	140	716
20. Deoband	91	105	575	—	125	577	1,473
21. Baruipur	88	70	728	—	—	267	1,153
22. Alipur	83	7	79	N.A.	7	55	231
23. Kunihar Bahl	N.A.	N.A.	N.A.	N.A.	N.A.	245	245
24. Nutan Haveli & Old Agartala	175	60	543	N.A.	N.A.	96	874
25. Thoubal	3	—	12	22	—	4	41
TOTAL	5,224	3,415	6,957	142	296	7,344	23,378

APPENDIX IV—*contd.*

Cumulative Physical Achievements (according to project)

Pilot project	No. of demonstration-*cum*-training centres	No. of persons trained		No. of persons under training		No. of persons employed		Industrial Cooperatives functioning		
		Refresher	Basic	Refresher	Basic	Full-time	Part-time	No.	No. of members	Paid-up share capital (Rs.'000)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1. Kakinada Peddapuram	N.A.	38	328	—	182	15,958	23,936	36	1,114	39·3
2. Mulug	1	30	257	—	60	226	614	16	803	14·1
3. Darrang	3	32	31	464	25	N.A.	1,640	39	585	3·3
4. Bihar Sharif	14	205	1,458	17	132	3,877	54,831	123	5,502	206·1
5. Kolhapur..	13	118	232	—	159	414	1,442	68	2,860	195·7
6. Amravati	4	24	—	25	25	2,156	2,993	28	1,209	30·9
7. Manavadar-Venthali ..	6	318	310	—	21	282	2,206	20	849	29·9
8. Bhuj-Nakhatrana ..	8	210	306	44	55	386	4,402	31	1,013	34·5
9. Neyyattinkara	4	2	40	N.A.	N.A.	5,155	819	12	3,080	24·9
10. Dabra	4	119	651	8	25	3	879	17	338	6·0
11. Sehore	1	—	157	—	96	900	134	19	581	6·6
12. Sehawal	1	60	72	—	29	42	90	8	212	60·8

13. Gobe-Erode	12	28	936	12	11	1,812	16,213	29	929	38·3
14. Ramanagram	17	—	562	—	24	1067	692	22	2370	159·0
15. Russelkonda	1	—	576	—	142	616	1,522	18	963	5·3
16. Batala	N.A.	N.A.	309	—	169	843	35	116	1,704	96·4
17. Dhuri Malerkotla ..	23	1,831	438	106	66	793	700	135	2,148	112·8
18. Sanganer	32	—	1,057	—	485	973	6,878	96	2,412	57·5
19. Pisangan	14	291	349	—	73	1,516	3,211	83	1,303	37·6
20. Deoband	18	—	383	—	183	647	5,183	24	710	15·7
21. Baruipur	10	—	137	—	196	819	209	10	530	6·4
22. Alipur	1	—	—	—	—	99	109	52	1,027	196·5
23. Kunihar Bahl	8	N.A.	222	N.A.	287	42	85	16	503	16·9
24. Nutan Haveli & Old Agartala	N.A.	N.A.	301	N.A.	220	337	545	34	3,487	23·6
25. Thoubal	N.A.	29	18	6	33	4	N.A.	17	1,112	14·1
TOTAL ..	195	3,335	9,130	682	2,698	38,967	79,468	1,074	37,344	1,431·9

APPENDIX V

No. 31(64)/57-ST

GOVERNMENT OF INDIA

MINISTRY OF COMMUNITY DEVELOPMENT

KRISHI BHAVAN,
New Delhi, June 6, 1958.

FROM

Shri B. Mukerje, I.C.S.,
Joint Secretary to the Government of India.

To

The Development Commissioners/
Secretaries, Industries Departments,
All State Governments.

SUBJECT : *Training Programme of rural artisans, and reorganisation of training-cum-production centres in Community Development Blocks.*

SIR,

The programme of training of rural artisans through the existing training-*cum*-production centres in Community Development Blocks has been under review of the Government of India. It was being observed from the reports of the State Governments and also by the officers of the Government of India who have been visiting those centres that they have suffered from many deficiencies and lapses, which have been subjects of criticism. Some of the main points of criticism are as follows :—

(*a*) The combining of the production work with the training adversely affects the efficiency of the training programme. Institutions burdened with the responsibility of giving effective training can seldom equally emphasize the commercial production aspects. This hampers progress on both sides.

(*b*) There is a tendency to shift operational losses on the commercial side of production to the training side by holstering up figures of stock-in-trade etc. The loss in the cost of production in the form of managerial and supervisory charges is debited to the training side and the cost of articles is shown below what it actually would be, if the whole show was run commercially.

(*c*) The training given under the schemes has not succeeded to any appreciable extent in building up confidence amongst the trainees for self-employment as the skilled workers maintained to help the production programme do not allow them to complete the jobs for fear of deterioration of quality and insist on their working as helpers for execution of the commercial orders taken by the centre.

(*d*) Due to inadequacy of trained personnel for supervisory and teaching jobs competent and experienced hands are not always engaged with the result that the training suffers in quality and often remains incomplete, the organisational, marketing, costing and procurement

aspects being particularly neglected. Moreover, the Instructors in many cases have no idea of the actual problems of the rural industries and are given no training in the technique of teaching.

(*e*) As the training-*cum*-production centres have no planned follow-up activities in most cases, these have proved no better than purely temporary training centres. The trainees gain neither the necessary skill and competence nor any encouragement to follow-up training, with the result that the training proves futile.

2. After very careful consideration the Government of India have come to the following conclusions and decisions regarding training of rural artisans and reorganisation of training-*cum*-production centres in Community Development Blocks :—

(*i*) That by and large the production-*cum*-training centres have not been functioning very satisfactorily and need through reorganisation.

(*ii*) In order to reorganise these production-*cum*-training centres it is necessary that a proper syllabus should be framed and followed. These centres should be framed and followed. These centres should be considered as training centres and production should be taken up only for purposes of training or as incidental to training. The element of production should be incorporated in the training programme to the extent necessary to make the training effective and purposeful. These centres should be discouraged from undertaking commercial production. But wherever there is scope and demand, separate production centres can be promoted so that the artisans who are trained in the training centres could also be gainfully employed in the production centres. Later on such production centres could be converted into industrial cooperatives of artisans.

(*iii*) *Temporary Training Centres* :

(*a*) There are a number of ill equipped and ill manned existing training centres, each catering to one or two trades, spread over the various blocks in a district, without adequate arrangements for supervision. Instead of these mushroom centres three or four Rural Artisans Training Centres should be organised in a district each meeting the needs of a number of blocks. These training centres should be located at convenient places having proper rural atmosphere. These centres also should be well manned and well equipped, where arrangements could be laid for training different trade suitable to each area.

(*b*) Construction of new buildings for such Rural Artisans Training Centres should be discouraged. Houses in the village where such centre is located may be taken on rent for locating the centre. The attempt should be to get the majority of the trainees for the centre from the nearby villages. If any hostel is necessary for a few trainees, rented accommodation may be arranged. After the training centre has turned out two or three batches, it may be shifted to a new place to train artisans of that areas.

(*c*) *Staff for the Rural Artisans' Training Centre* :

One centre may take up 4 trades suitable for the area. About 16 trainees may be admitted for each trade. One Supervisor and 4 Instructors may be appointed on the instructional staff. As regards other staff, one store-keeper-*cum*-Accountant and one Chowkidar-*cum*-Sweeper should suffice.

(*d*) *Instructors* :

Good Master Craftsmen from the rural areas should be selected as Instructors. To get such persons the minimum salary of an Instructor will have to be Rs. 120 p.m. Orientation training particularly in teaching methods should be arranged

for these Master Craftsmen who are selected as Instructors. As regards engineering trades like blacksmithy and carpentry a special course for Instructors will be organised if necessary by the Government of India. It has to be ensured that the Instructors' course for these Rural Artisans Training Centres is organised with a positive rural bias.

(*e*) *Syllabus* :

A committee should be appointed jointly by the Ministry of Labour & Employment, Ministry of Commerce & Industry and the Ministry of Community Development to draw up a suitable syllabus. Experienced technical persons from the State Governments, the Khadi Commission and also the All India Boards should be invited to serve on the Syllabus Committee.

(*f*) *Selection of Trainees* :

Selection of trainees for the Rural Artisans Training Centres should be done very carefully. As far as possible they should be recruited from amongst the rural artisans class.

(*g*) *Stipends* :

Stipends may be provided in deserving cases on merit-*cum*-poverty basis, but not for all trainees.

(*h*) *Resources* :

The cost of these Rural Artisans Training Centres may be met from the allotment under "Rural Arts, Crafts and Industries" for a block being served by each Training Centre. In case of Centres organised for the tribal areas supplementary funds may also be forthcoming from the Ministry of Home Affairs.

(*i*) *Hours of Work* :

These centres for training rural artisans may function from 7 A.M. to 1 P.M. so that the rural artisans could take up private work during the rest of the day to supplement their earning. Wherever necessary a second shift for training could also be organised.

(*j*) *Extension* :

The supervisor and the Instructors of the Training Centres should have close contacts with the artisans of the locality. The centre should interest itself in the problems of rural artisans in the surrounding area. It should create a desire in them to improve their skill and technique of production, which "Know-how" could be diffused to the artisans through the centre.

(*k*) *Supervision* :

Besides maintaining adequate supervision by the concerned department of the State Government, the Zonal Organisers of the Government of India may also assist in exercising supervision over these training centres for rural artisans, but care should be taken to ensure that the persons who are deputed for supervision know the requirements of the rural areas.

(*l*) *Follow-up* :

Adequate steps should be taken to see that follow-up is properly done. While undergoing training the artisans could be acquainted with the rules and working of industrial cooperatives. Immediately after completion of the training and before they leave the centre they might be organised into industrial cooperative societies wherever possible. The artisans should also be provided with financial assistance, without any time lag,

for purchasing tools, equipment, etc., and also for working capital. Block Extension Officer (Industries) and Gram Sevaks should keep close contact with these artisans who are trained in order to ensure that they are assisted to continue in the trade in which they are trained and are also gainfully employed.

(*iv*) *Peripatetic Centres* :

The peripatetic parties usually consist of an Instructor and or one or two skilled craftsmen each carrying improved tools. They demonstrate new skills and acquaint the artisans, in a central village, with new tools and then move on to another village after a short period. The general drawback experienced in such cases is that there is no machinery to follow up the work done by these parties to ensure that the instructions given by the parties are put into practice and equipment supplied is installed and worked properly. It is also observed that as there is no sufficient provision for compensating the skilled artisans for loss of earnings caused during such training hours they are not sufficiently attracted to this training and come for casual observation only. It has also not been possible to attract good Instructors to form the training team. The Instructor quite often is a skilled craftsman having had no training in teaching techniques and there has been no adequate supervision of these peripatetic parties.

In view of this and also the proposal to have temporary training centres as referred to earlier, it is felt that no separate peripatetic training centres are necessary. It is recommended that each State should make a close scrutiny as to how many existing peripatetic demonstration parties can be wound up. These observations do not refer to the type of mobile workshops organised on the lines started by the Small Industries Service Institute.

(*v*) *Urban Centres in C.D. Blocks* :

The Ministry of Labour & Employment would examine whether any urban training centres for engineering trades started in the C.D. Blocks can and should be integrated with the training centres of that Ministry. The State Governments should furnish a list of such training centres to the Ministry of Community Development for further action. While furnishing the list they will indicate the location of these training centres, number of trades and capacity for training in each trade, and also a list of machines and equipment.

3. The State Governments are requested to take necessary action for implementation of the above decisions as early as possible.

4. This communication is issued with the concurrence of the Ministry of Commerce & Industry and the Ministry of Labour & Employment.

5. Receipt of this communication may kindly be acknowledged.

Yours faithfully,

(Sd.) B. MUKERJI,

Joint Secretary to the Govt. of India.

Copy forwarded to :—

1. Ministry of Labour & Employment (Shri S. A. Qadir, I.A.S.).
2. Ministry of Commerce & Industry (Dr. P. C. Alexander, I.A.S.).

3. Ministry of Home Affairs
   (Shri R. Prasad, I.A.S.).
4. Planning Commission
   (Shri Tarlok Singh, I.C.S.).

(Sd.) B. MUKERJI,
Joint Secretary to the Govt. of India.

Copy also forwarded to :—

(1) The Member-Secretary, Khadi and Village Industries Commn., Dinshaw Watcha Road, Mistry Bhavan, Church Gate, Bombay.

(2) The Secretary, All India Handicrafts Board, Janpath 'A' Barracks, New Delhi.

(3) The Secretary, Central Silk Board, 5, Ali Askar Road, Bangalore.

(4) The Secretary, All India Handloom Board, Shahibagh House, Wittet Road, Bellard Estate, Bombay.

(5) The Secretary, Small Scale Industries Board, Office of the Development Commissioner, Shahjehan Road, New Delhi.

(6) The Secretary, Coir Board, Ernakulam.

(Sd.)
for *Under Secretary to the Government of India.*

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